

**YOUNGSVILLE VOLUNTEER FIRE  
DEPARTMENT, INC.**

Financial Report

Years Ended December 31, 2017 and 2016

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# KOLDER, SLAVEN & COMPANY, LLC

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\* A Professional Accounting Corporation

## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
Youngsville Volunteer Fire Department, Inc.  
Youngsville, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the Youngsville Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngsville Volunteer Fire Department, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on page 14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018, on our consideration of the Youngsville Volunteer Fire Department, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

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

Lafayette, Louisiana  
June 27, 2018

## **FINANCIAL STATEMENTS**

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Financial Position  
For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash	\$ 237,440	\$ 845,980
Interest-bearing deposits	357,655	-
Due from City of Youngsville	420,050	345,002
Grant receivable	1,177	42,943
Prepaid insurance	26,300	25,935
Total current assets	1,042,622	1,259,859
Property, plant, and equipment, net	794,284	404,024
Total assets	\$ 1,836,907	\$ 1,663,883
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 56,632	\$ 40,757
Unearned revenue	56,250	50,000
Current maturities of long-term debt	45,857	43,951
Accrued interest payable	3,657	4,510
Total current liabilities	162,396	139,218
Long-term debt, less current maturities	498,789	187,365
Total liabilities	661,185	326,583
Net assets:		
Unrestricted -		
Undesignated	1,175,722	1,337,300
Total liabilities and net assets	\$ 1,836,907	\$ 1,663,883

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Activities  
For the Years Ended December 31, 2017 and 2016

	2017	2016
Unrestricted net assets:		
Unrestricted support and revenue -		
Public support:		
Contributions -		
Federal sources -		
Federal grants	\$ 71,738	\$ 47,094
City of Youngsville	710,012	671,163
Lafayette Parish - fire insurance tax	90,224	83,729
Miscellaneous donations	1,056	1,779
Total public support	873,030	803,765
Revenue:		
Contract service fees - Lafayette Consolidated Government	50,000	61,146
Interest income	-	229
Miscellaneous	19,352	95,761
Total revenue	69,352	157,136
Total unrestricted support and revenue	942,382	960,901
Expenses:		
Program services -		
Fire fighting	1,070,512	824,748
Support services -		
General and administrative	33,448	38,564
Total expenses	1,103,960	863,312
Change in unrestricted net assets	(161,578)	97,589
Net assets, beginning of year	1,337,300	1,239,711
Net assets, end of year	\$ 1,175,722	\$ 1,337,300

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Cash Flows  
For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (161,578)	\$ 97,589
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	68,095	69,502
Decrease (increase) in operating assets:		
Due from City of Youngsville	(75,048)	(69,226)
Grant receivable	41,766	(42,943)
Prepaid insurance	(365)	(7,590)
Increase (decrease) in operating liabilities:		
Accounts payable	15,875	26,179
Accrued interest payable	(853)	(820)
Unearned revenue	6,250	50,000
Net cash provided (used) by operating activities	(105,858)	122,691
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(357,655)	-
Proceeds from the maturities of interest-bearing deposits	-	902
Purchase of property and equipment	(51,429)	(21,274)
Additions to construction in progress	(49,118)	(34,423)
Net cash used by investing activities	(458,202)	(54,795)
Cash flow from financing activities:		
Principal paid on note payable	(44,480)	(42,541)
Increase (decrease) in cash and cash equivalents	(608,540)	25,355
Cash and cash equivalents, beginning of period	845,980	820,625
Cash and cash equivalents, end of period	\$ 237,440	\$ 845,980

(continued)

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Cash Flows (Continued)  
For the Years Ended December 31, 2017 and 2016

	2017	2016
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash	\$ 845,980	\$ 558,125
Interest-bearing deposits	-	263,402
Less: Certificates of deposit with a maturity over three months	-	(902)
Total cash and cash equivalents	845,980	820,625
Cash and cash equivalents, end of period -		
Cash	237,440	845,980
Interest-bearing deposits	357,655	-
Less: Certificates of deposit with a maturity over three months	(357,655)	-
Total cash and cash equivalents	237,440	845,980
Net increase (decrease)	\$(608,540)	\$ 25,355
Supplemental disclosure of cash flow information:		
Interest paid	\$ 15,491	\$ 11,285

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

The Youngsville Volunteer Fire Department, Inc. (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 Youngsville, 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.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported 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 will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

C. Property and Equipment

The Organization capitalizes all property and equipment acquisitions in excess of \$500. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Equipment	5 - 15 years
Furniture and fixtures	5 - 7 years
Fire trucks and engines	7 - 10 years

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

E. Revenue and Expense Recognition

The Organization receives contributions, contract services and other miscellaneous revenues. Contribution revenues are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Other revenues are recognized when earned and expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

F. Functional Expenses

Expenses are charged directly to program or support services in general categories based on specific identification.

G. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014, 2015, and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

H. 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.

I. 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.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(2) Cash and interest-bearing deposits

As of December 31, 2017 and 2016, the Organization had cash and interest-bearing deposits in the amount of \$595,095 and \$845,980, respectively. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Organization's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. Deposit balances (bank balances) as of December 31, 2017 and 2016 are secured as follows:

	2017	2016
Bank balances	<u>\$ 606,298</u>	<u>\$ 846,956</u>
Federal deposit insurance	250,000	250,000
Pledged securities	<u>356,298</u>	<u>596,956</u>
Total	<u>\$ 606,298</u>	<u>\$ 846,956</u>

The deposits secured by pledged securities in the amount of \$356,298 and \$596,956 for 2017 and 2016, respectively, were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Organization's name. The Organization does not have a policy for custodial credit risk.

(3) Property, Plant and Equipment

The following is a summary of property, plant and equipment as of December 31, 2017 and 2016:

	2017	2016
Land	\$ 80,000	\$ 80,000
Construction in progress - new substation	88,441	39,323
Equipment	365,840	476,647
Furniture and fixtures	38,748	38,748
Fire trucks and engines	<u>1,176,652</u>	<u>959,678</u>
Total property, plant and equipment	1,749,680	1,594,394
Less: Accumulated depreciation	<u>(955,396)</u>	<u>(1,190,370)</u>
Net property, plant and equipment	<u>\$ 794,284</u>	<u>\$ 404,024</u>

Depreciation expense charged to operations amounted to \$68,095 and \$69,502 for the years ended December 31, 2017 and 2016, respectively.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(4) Long-Term Debt

Following is a summary of long-term debt as of December 31, 2017 and 2016:

	2017	2016
Note payable to Gulf Coast Bank, dated July 8, 2011, original principal of \$160,296, due in annual payments through July 8, 2018 of \$26,766, including interest at 4.00 percent, and secured by a 2000 Saulsbury fire truck with a net book value of \$42,144 and \$54,185 at December 31, 2017 and 2016, respectively.	\$ 25,836	\$ 50,492
Note payable to Community First Bank, dated July 19, 2012, original principal of \$250,000, due in annual payments through July 19, 2024 of \$27,029, including interest at 4.25 percent, and secured by a 1999 fire truck with a net book value of \$100,146 and \$121,996 at December 31, 2017 and 2016, respectively.	160,999	180,824
Note payable to Community First Bank, dated March 9, 2017, original principal of \$357,810, due on February 21, 2018, including interest at 2.25 percent, and secured by a certificate of deposit in the amount of \$357,655 at December 31, 2017.	<u>357,810</u>	<u>-</u>
Total debt	544,646	231,316
Less: Current maturities included in current liabilities	<u>(45,857)</u>	<u>(43,951)</u>
Total long term portion	<u>\$ 498,789</u>	<u>\$ 187,365</u>

The note in the amount of \$357,810 was converted to a long-term note payable on January 11, 2018, due in annual payments of \$38,686 through February 8, 2030, including interest at 4.25 percent, and secured by a 2017 Pierce Saber Pumper fire truck purchased in 2018.

Maturities of long-term debt are as follows:

Year Ended	Amount
2018	\$ 45,857
2019	44,366
2020	46,269
2021	48,218
2022	50,322
2023-2027	203,534
2028-2030	<u>106,080</u>
	<u>\$ 544,646</u>

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(5) Unearned Revenue

Unearned revenue as of December 31, 2017 and 2016 consisted of the following:

	2017	2016
Lafayette Consolidated Government -		
2018 annual contract fees	\$ 50,000	\$ 40,000
2018 additional funding	6,250	10,000
Total	\$ 56,250	\$ 50,000

(6) City of Youngsville Contributions

Contributions in the amount of \$710,012 and \$671,163 for the years ended December 31, 2017 and 2016, respectively, were received from the City of Youngsville as follows:

	2017	2016
City of Youngsville -		
Ad valorem tax assessment - 4.86 mills for fire protection	\$620,188	\$543,054
Excess City funds for reimbursement of expenses	89,824	128,109
Total	\$710,012	\$671,163

(7) 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, nor have settlements exceeded coverage for the past three years.

(8) Litigation

The Organization is not involved in litigation at December 31, 2017.

(9) Compensation, Benefits, and Other Payments to Agency Head

A detail of amounts paid to Blair Rivette, Fire Chief, for the year ended December 31, 2017 follows:

<u>Purpose:</u>	<u>Amount</u>
Salary	\$ 35,959
Benefits - insurance	7,312
Reimbursements	105
Membership dues	26
Total	\$ 43,401

(10) Subsequent Events

The Organization was evaluated subsequent events through June 27, 2018, the date which financial statements were made available.

**SUPPLEMENTAL INFORMATION**

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Schedules of Functional Expenses  
For the Years Ended December 31, 2017 and 2016

	2017	2016
<b>Program service expenses:</b>		
<b>Fire fighting -</b>		
Communications	\$ 2,905	\$ 3,155
Depreciation	68,095	69,502
Dues and subscriptions	471	477
Education and training	6,105	6,749
Insurance	160,371	119,471
Interest expense	14,638	10,465
Medical expenses	517	953
Payroll taxes	46,545	34,826
Repairs and maintenance	50,934	115,620
Salaries	582,289	417,915
Small equipment (hoses, nozzles, etc.)	93,557	7,923
Supplies	12,210	13,807
Truck fuel	10,384	8,307
Uniforms	8,665	3,221
Utilities and telephone	12,826	12,357
<b>Total program service expenses</b>	<b>1,070,512</b>	<b>824,748</b>
 <b>Support service expenses:</b>		
<b>General and administrative -</b>		
Miscellaneous	5,844	16,287
Office and postage expense	9,655	4,923
Professional fees	14,385	13,580
Service fees (grant writing, pest control and security fees)	3,564	3,774
<b>Total general and administrative</b>	<b>33,448</b>	<b>38,564</b>
 <b>Total expenses</b>	<b>\$1,103,960</b>	<b>\$ 863,312</b>

**INTERNAL CONTROL,  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT  
ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

\* A Professional Accounting Corporation

To the Board of Directors  
Youngsville Volunteer Fire Department, Inc.  
Youngsville, Louisiana

We have audited, in accordance with the 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, the financial statements of the Youngsville Volunteer Fire Department, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2018.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Youngsville Volunteer Fire Department, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Youngsville Volunteer Fire Department, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Youngsville Volunteer Fire Department, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001 through 2017-005 to be material weaknesses.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Youngsville Volunteer Fire Department, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

## **Youngsville Volunteer Fire Department, Inc.'s Response to Findings**

Youngsville Volunteer Fire Department, Inc.'s response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. Youngsville Volunteer Fire Department, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

Lafayette, Louisiana  
June 27, 2018

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/17) --						
<u>Internal Control:</u>						
2017-001	Unknown	Due to the small number of employees, the Youngsville Volunteer Fire Department (Organization) did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Byron Knott, Treasurer	N/A
2017-002	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Byron Knott, Treasurer	N/A
2017-003	2012	During the performance of the annual audit, numerous adjusting journal entries were required to properly record transactions. Balance sheet accounts should be reconciled to the general ledger on a monthly basis.	No	Monthly reconciliations of all balance sheet accounts will be performed by appropriate personnel and balances will be agreed to the general ledger.	Byron Knott, Treasurer	Immediately

(continued)

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/17) Continued --						
<u>Internal Control:</u>						
2017-004	2015	Management does not have adequate controls in place to ensure deposits are made on a timely basis. During the course of performing audit procedures, it was determined that deposits were being held from two to four weeks. Management should make deposits daily to enhance controls over safeguarding of assets.	No	Management will implement procedures to make daily deposits.	Byron Knott, Treasurer	Immediately
2017-005	2017	While performing audit procedures, it was noted that there were several deposits that did not have supporting documentation. Therefore, proper recordation of revenues could not be determined. Additionally, several credit card statements had missing itemized receipts. Management should ensure that deposits and all expenses have proper supporting documentation.	No	Management will verify that all transactions are properly supported with appropriate documentation.	Byron Knott, Treasurer	Immediately
PRIOR YEAR (12/31/16) --						
2016-001	Unknown	Due to the small number of employees, the Youngsville Volunteer Fire Department (Organization) did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Byron Knott, Treasurer	N/A

(continued)

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
PRIOR YEAR (12/31/16) Continued --						
<u>Internal Control:</u>						
2016-002	2007	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Byron Knott, Treasurer	N/A
2016-003	2012	During the performance of the annual audit, numerous adjusting journal entries were required to properly record transactions. Balance sheet accounts should be reconciled to the general ledger on a monthly basis.	No	Monthly reconciliations of all balance sheet accounts will be performed by appropriate personnel and balances will be agreed to the general ledger.	Byron Knott, Treasurer	Immediately
2016-004	2015	Management does not have adequate controls in place to ensure deposits are made on a timely basis. During the course of performing audit procedures, it was determined that deposits were being held from two to four weeks. Management should make deposits daily to enhance controls over safeguarding of assets.	No	Management will implement procedures to make daily deposits.	Byron Knott, Treasurer	Immediately

**YOUNGSVILLE VOLUNTEER FIRE  
DEPARTMENT, INC.**

Youngsville, Louisiana

Agreed-Upon Procedures Report

Year Ended December 31, 2017

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of the  
Youngsville Volunteer Fire Department, Inc.  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Youngsville Volunteer Fire Department, Inc. (Organization) and the Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The Organization's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we 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.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. We obtained the Organization's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the Organization does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts***, including receiving, recording, and preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process..
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Organization's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

**Board (or Finance Committee, if applicable)**

We obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
- b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Organization's prior audit (GAAP-basis).
  - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
- c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Bank Reconciliations**

- 3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.
- 4. Using the listing provided by management, we selected all of the Organization's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than 5 accounts). For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations have been prepared;
- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

### ***Collections***

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- 5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
- 6. Using the listing provided by management, we selected all of the Organization's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). For each cash collection location selected:
  - a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the Organization has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - Using the Organization's collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one day of collection. If deposits were not made within one day of collection, reported the number of days from receipt to deposit for each day at each collection location.
    - Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and reported any exceptions.
- 7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the Organization has a process specifically defined (identified as such by the Organization) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

**Disbursements – General (excluding credit card/debit card/fuel card/P-card purchases or payments)**

8. We obtained a listing of the Organization’s disbursements from management or, alternately, obtained the general ledger and sort/filter for the Organization’s disbursements. We obtained management’s representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, we randomly selected 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if the Organization had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using the Organization’s documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the Organization’s purchasing/disbursement system.
11. Using the Organization’s documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions. Alternately, if the checks are electronically printed on blank check stock, we reviewed the Organization’s documentation (electronic system control documentation) and reported whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards**

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management’s representation that the listing is complete.

15. Using the listing prepared by management, we randomly select 10 cards (or at least one-third of the cards if the Organization has less than 10 cards) that were used during the fiscal period, rotating cards each year.

We obtained the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. We selected the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) We reported whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, we obtained supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
    - a) For each transaction, we reported whether the transaction is supported by:
      - An original itemized receipt (i.e., identifies precisely what was purchased)
      - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
      - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
    - b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Organization's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.
    - c) For each transaction, we compared the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

### ***Travel and Expense Reimbursement***

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17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period, or alternatively, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing is complete.
18. We obtained the Organization's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and reported any amounts that exceed GSA rates.

19. Using the listing or general ledger from #17 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the Organization does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.
  - b) We reported whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
  - c) We compared the Organization's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).
  - d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

### ***Contracts***

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20. We obtained a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.
21. Using the listing above, we selected the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:
- a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the Organization complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
    - If no, we obtained supporting contract documentation and reported whether the Organization solicited quotes as a best practice.

- c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.
- e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

### ***Payroll and Personnel***

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- 22. We obtained a listing of employees (and elected officials, if applicable) with their related salaries, and obtained management's representation that the listing is complete. We randomly selected five employees/officials, obtained their personnel files, and:
  - a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.
- 23. We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one employee. Within that pay period, we randomly selected 25 employees/officials (or randomly selected one-third of employees/officials if the Organization had less than 25 employees during the fiscal period), and:
  - a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Reported whether there is written documentation that the Organization maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
- 25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, we obtained ethics compliance documentation from management and reported whether the Organization maintained documentation to demonstrate that required ethics training was completed.
27. We inquired of management whether any alleged ethics violations were reported to the Organization during the fiscal period. If applicable, we reviewed documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the Organization’s ethics policy. We reported whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, we obtained supporting documentation from the Organization, and reported whether State Bond Commission approval was obtained.
29. If the Organization had outstanding debt during the fiscal period, we obtained supporting documentation from the Organization and reported whether the Organization made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the Organization had tax millages relating to debt service, we obtained supporting documentation and reported whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, we reported any millages that continue to be received for debt that has been paid off.

***Other***

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31. We inquired of management whether the Organization had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the Organization reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Organization is domiciled.
32. We observed and reported whether the Organization has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If we observed or otherwise identifies any exceptions regarding management’s representations in the procedures above, we reported the nature of each exception.

**Exceptions:**

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No exceptions were found as a result of applying the procedures listed above except for the following:

**Written Policies:**

1. The Organization does not have written policies and procedures that address budgeting.
2. The Organization’s purchasing policy does not address how vendors are added to the list.
3. The Organization’s contracting policy does not address the legal review or monitoring process.
4. The Organization’s travel and expense reimbursement policy does not address dollar thresholds by category of expense.

**Bank Reconciliations:**

5. The three bank accounts tested did not have evidence of management review.

**Cash Collections:**

6. The person(s) collecting cash for the Organization are not bonded.
7. We were unable to determine the date of collection for deposits; therefore, we could not report if deposits were made within one business day of collection. Additionally, cash collections were not completely supported.
8. The Organization does not have a written process to determine the completeness of all collections by a person not responsible for collections.

**Disbursements:**

9. Of the 25 disbursements selected for testing, three disbursements could not be tested because disbursement and supporting documentation could not be located. Five of the disbursements did not have a purchase order.
10. The Organization does not have written documentation which prohibits the person responsible for processing payments from adding vendors to the disbursement system.
11. The Organization does not have written documentation that indicates the individual with signatory authority has no responsibility for initiating purchases.

**Credit Cards/Debit Cards/Fuel Cards/P-Cards:**

12. Two of the ten credit cards tested did not have statement and supporting documents approved in writing by someone other than the cardholder.
13. Three of the ten cards tested had late or finance charges assessed.
14. Four of the ten credit cards tested had a total of 51 transactions of which 10 did not have an original detailed/itemized receipt, documentation of public purpose, and other documentation required by the Organization's purchasing policy. We were therefore unable to determine if the transaction complied with the policy, public bid law, and/or Article 7, Section 14 of the Louisiana Constitution.

**Travel**

15. Written policies do not restrict travel and expense reimbursement amounts to that of the U.S. General Services Administration.

**Other:**

16. The Organization does not have the "fight fraud" link posted on its website.

**Management's Response:**

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Management of the Youngsville Volunteer Fire Department, Inc. concurs with the exceptions and are working to address the deficiencies identified.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

Lafayette, Louisiana  
June 27, 2018