

**YOUNGSVILLE VOLUNTEER FIRE  
DEPARTMENT, INC.**

Financial Report

Years Ended December 31, 2019 and 2018

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# KOLDER, SLAVEN & COMPANY, LLC

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## 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, 2019 and 2018, and the related statements of activities, functional expenses, 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, 2019 and 2018, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, 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 solely 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 organization'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 Youngsville Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.

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

Lafayette, Louisiana  
June 17, 2020

**FINANCIAL STATEMENTS**

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Financial Position  
For the Years Ended December 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
Current assets:		
Cash	\$ 140,724	\$ 437,676
Due from City of Youngsville	623,116	264,954
Prepaid insurance	29,445	31,517
Total current assets	793,285	734,147
Property, plant, and equipment, net	2,331,026	2,393,967
Total assets	\$ 3,124,311	\$ 3,128,114
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 42,204	\$ 47,588
Contracts payable	-	169,894
Retainage payable	-	80,389
Short-term loan payable	-	1,357,487
Current maturities of long-term debt	132,322	44,366
Accrued interest payable	37,704	8,322
Total current liabilities	212,230	1,708,046
Long-term debt, less current maturities	1,942,171	454,143
Total liabilities	2,154,401	2,162,189
Net assets:		
Without donor restrictions	969,910	965,925
Total liabilities and net assets	\$ 3,124,311	\$ 3,128,114

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, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Public support and revenue -		
Public support:		
Federal grants	\$ -	\$ 2,869
City of Youngsville	1,172,998	846,436
Lafayette Parish - fire insurance tax	81,507	82,593
Miscellaneous donations	3,103	3,300
Total public support without donor restrictions	1,257,608	935,198
Revenue:		
Contract service fees - Lafayette Consolidated Government	42,188	56,250
Interest income	-	826
Miscellaneous	74,568	39,868
Total revenue without donor restrictions	116,756	96,944
Total public support and revenue without donor restrictions	1,374,364	1,032,142
Expenses -		
Program services:		
Fire fighting	1,291,351	1,197,781
Support services:		
General and administrative	79,028	44,158
Total expenses	1,370,379	1,241,939
Change in net assets	3,985	(209,797)
Net assets, beginning of year	965,925	1,175,722
Net assets, end of year	\$ 969,910	\$ 965,925

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Functional Expenses  
For the Years Ended December 31, 2019 and 2018

	2019	2018
Program service expenses:		
Fire fighting -		
Communications	\$ 6,020	\$ 4,258
Depreciation	121,287	104,500
Dues and subscriptions	455	300
Education and training	3,366	1,444
Insurance	189,707	182,219
Interest expense	67,550	30,644
Medical expenses	390	745
Payroll taxes	69,849	54,835
Retirement	17,928	-
Repairs and maintenance	43,044	91,502
Salaries	712,088	674,262
Small equipment	2,297	1,112
Supplies	11,842	11,773
Travel and training	19	1,004
Truck fuel	10,962	13,201
Uniforms	11,587	10,725
Utilities and telephone	22,960	15,257
Total program service expenses	1,291,351	1,197,781
Support service expenses:		
General and administrative -		
Salaries	38,101	15,352
Payroll taxes	3,133	1,298
Retirement	884	-
Insurance	7,270	893
Office and postage expense	6,460	8,424
Professional fees	17,860	14,100
Service fees	5,320	4,091
Total support service expenses	79,028	44,158
Total expenses	\$ 1,370,379	\$ 1,241,939

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,985	\$ (209,797)
Adjustments to reconcile change in net assets to net cash used by operating activities -		
Depreciation	121,287	104,500
Decrease (increase) in operating assets:		
Due from City of Youngsville	(358,162)	155,096
Grant receivable	-	1,177
Prepaid insurance	2,072	(5,217)
Increase (decrease) in operating liabilities:		
Accounts payable	(5,384)	(9,044)
Accrued interest payable	29,382	4,665
Unearned revenue	-	(56,250)
Net cash used by operating activities	<u>(206,820)</u>	<u>(14,870)</u>
 <b>Cash flows from investing activities:</b>		
Proceeds from the maturities of interest-bearing deposits	-	357,655
Purchase of property and equipment	<u>(308,629)</u>	<u>(1,453,899)</u>
Net cash used by investing activities	<u>(308,629)</u>	<u>(1,096,244)</u>
 <b>Cash flows from financing activities:</b>		
Proceeds from short-term loan	262,513	1,357,487
Principal paid on short-term loan	(1,620,000)	-
Proceeds from note payable	1,620,350	-
Principal paid on notes payable	<u>(44,366)</u>	<u>(46,137)</u>
Net cash provided by financing activities	<u>218,497</u>	<u>1,311,350</u>
 Increase (decrease) in cash and cash equivalents	(296,952)	200,236
 Cash and cash equivalents, beginning of period	<u>437,676</u>	<u>237,440</u>
 Cash and cash equivalents, end of period	<u>\$ 140,724</u>	<u>\$ 437,676</u>

(continued)

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Statements of Cash Flows (Continued)  
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statements of financial position:		
Cash and cash equivalents, beginning of period -		
Cash	\$ 437,676	\$ 237,440
Interest-bearing deposits	-	357,655
Less: Certificates of deposit with a maturity over three months	<u>-</u>	<u>(357,655)</u>
Total cash and cash equivalents	437,676	237,440
Cash and cash equivalents, end of period -		
Cash	<u>140,724</u>	<u>437,676</u>
Net increase (decrease)	<u>\$(296,952)</u>	<u>\$ 200,236</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 38,168</u>	<u>\$ 25,979</u>

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements

(1) Nature of Organization and 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 for financial reporting purposes in accordance with accounting principles generally accepted in the United States of America. Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. 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.

D. Property, Plant and Equipment

The Organization capitalizes all property, plant and equipment acquisitions in excess of \$500 having a useful life which extends beyond one year. 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)

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. Contract service fees received from Lafayette Consolidated Government are earned annually representing the period over which the Organization satisfies the performance obligation. Other revenues are recognized when earned.

Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

F. Functional Allocation of Expenses

The costs of providing program and support services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and support services benefited. Allocated expenses consist of salaries and related benefits, which are allocated on the basis of time and effort.

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, 2019 and 2018, 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 form 990, *Return of Organization Exempt from Income Tax*, returns filed 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. Reclassifications

Certain reclassifications have been made to the 2018 financial statement presentation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

J. 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) Cash and interest-bearing deposits

As of December 31, 2019 and 2018, the Organization had cash and interest-bearing deposits in the amount of \$140,722 and \$437,676, 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 the Organization 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. Deposit balances (bank balances) as of December 31, 2019 and 2018 are secured as follows:

	2019	2018
Bank balances	\$ 153,417	\$ 438,497
Federal Deposit Insurance Corporation (FDIC)	153,417	250,000
Pledged securities	-	188,497
Total	\$ 153,417	\$ 438,497

The deposits secured by pledged securities in the amount of \$0 and \$188,497 as of December 31, 2019 and 2018, 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) Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year for general use as of December 31, 2019 and 2018 are as follows:

	2019	2018
Cash and interest-bearing deposits	\$ 140,724	\$ 437,676
Current receivables - Due from City of Youngsville	623,116	264,954
Financial assets available for general use within one year	\$ 763,840	\$ 702,630

In order to manage liquidity, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(4) Property, Plant and Equipment, Net

The following is a summary of property, plant and equipment, net as of December 31, 2019 and 2018:

	2019	2018
Land	\$ 80,000	\$ 80,000
Construction in progress - new substation	-	1,700,163
Buildings	1,708,345	-
Equipment	391,508	390,828
Furniture and fixtures	86,354	65,226
Fire trucks and engines	1,246,002	1,217,646
Total property, plant and equipment	3,512,209	3,453,863
Less: Accumulated depreciation	(1,181,183)	(1,059,896)
Net property, plant and equipment	\$ 2,331,026	\$ 2,393,967

Depreciation expense charged to operations amounted to \$121,287 and \$104,500 for the years ended December 31, 2019 and 2018, respectively.

(5) City of Youngsville Contributions

Contributions in the amount of \$1,172,998 and \$846,436 for the years ended December 31, 2019 and 2018, respectively, were received from the City of Youngsville as follows:

	2019	2018
City of Youngsville -		
Ad valorem tax assessment - 4.86 mills for fire protection	\$ 1,055,138	\$ 717,362
Excess City funds for reimbursement of expenses	117,860	129,074
Total	\$ 1,172,998	\$ 846,436

(6) Short-term Loan Payable

Under the terms of a loan agreement dated December 14, 2017, the Organization may borrow up to \$1,620,000 with interest due monthly at 3.15%, which matures December 14, 2018. The maturity date of the agreement was extended to March 14, 2019. The loan is secured by a real estate mortgage. On April 22, 2019, the short-term loan payable was converted to a term loan with a principal balance of \$1,620,350. At December 31, 2018, the outstanding balance of the short-term loan was \$1,357,487. Interest paid on the loan amounted to \$16,818 and \$16,337 for the years ended December 31, 2019 and 2018, respectively.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(7) Long-Term Debt

Following is a summary of long-term debt as of December 31, 2019 and 2018:

	2019	2018
Note payable to Community First Bank, dated April 22, 2019, original principal of \$1,620,350, due in annual payments through April 11, 2034 of \$137,234, including interest at 3.15 percent, and secured by a real estate mortgage at December 31, 2019.	\$ 1,620,350	\$ -
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 \$56,446 and \$78,296 at December 31, 2019 and 2018, respectively.	119,675	140,699
Note payable to Community First Bank, dated January 11, 2018, original principal of \$357,810, 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 with a net book value of \$286,248 and \$322,029 at December 31, 2019 and 2018, respectively.	334,468	357,810
Total debt	2,074,493	498,509
Less: Current maturities	(132,322)	(44,366)
Total long-term debt	\$ 1,942,171	\$ 454,143

Maturities of long-term debt are as follows:

Year Ended	Amount
2020	\$ 132,322
2021	137,122
2022	142,026
2023	147,073
2024	153,188
2025-2029	699,875
2030-2034	662,887
	\$ 2,074,493

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

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

A detail of amounts paid to Blair Rivette, Fire Chief, for the year ended December 31, 2019 follows:

Purpose:	<u>Amount</u>
Salary	\$ 59,093
Benefits - insurance	8,234
Benefits - retirement and payroll taxes	6,076
Membership dues	<u>100</u>
Total	<u>\$ 73,503</u>

(9) 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 claims that have exceeded insurance coverage as of December 31, 2019 and 2018.

(10) Litigation

As of December 31, 2019, the Organization is not involved in any litigation.

(11) New Accounting Pronouncements

On January 1, 2019, the Organization adopted ASU 2014-9, *Revenues from Contracts with Customers* and all subsequent amendments to the ASU (collectively "ASC 606"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The majority of the Organization's revenue is generated from contributions and other revenues outside the scope of ASC 606. The Organization's revenues within the scope of ASC 606 are represented in the statement of activities as contract service fees – Lafayette Consolidated Government and are recognized as the Organization satisfies its performance obligation.

The Organization adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under ASC 606 while prior period amounts continue to be reported in accordance with GAAP applicable to those periods. The adoption of ASC 606 did not result in a change in the amount of contract service fees recognized in prior years; therefore, no cumulative effect adjustment was recorded.



YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(11) New Accounting Pronouncement (Continued)

During the year ended December 31, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-15, Not-for Profit Entities (Topic 230): "Statement of Cash Flows". The update was applied to the financial statements retroactively.

Implementation of ASU 2016-15 provides guidance for the classification of eight specific cash flow issues, with the objective of reducing existing diversity in practice on the cash flow statement. The effect of implementation of this update on the Organization's financial statements has no effect on the Organization's financial statements.

During the year ended December 31, 2018, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for Profit Entities (Topic 958): "Presentation of Financial Statements of Not-for-Profit Entities". The update was applied to the financial statements retroactively.

Implementation of ASU 2016-14 changed the classification of net assets from three groups to two groups: net assets with donor restrictions and net assets without donor restrictions. In addition, a reporting of expenses by their natural expense classification as well as their functional classification was added, as presented in the Statements of Functional Expenses in the accompanying financial statements. Also, quantitative information in the notes to the financial statements on how an Organization manages its liquid available resources and liquidity risks is required.

(12) Pension Plan

Effective July 7, 2019, the Organization adopted a defined contribution 457 (b) pension plan, which allows salary deferrals and employer matching contributions. The Organization matches 5% of eligible employees' compensation. Employer contributions to the plan were \$18,812 for the year ended December 31, 2019.

(13) Subsequent Event Review

Uncertainty Occurring After Financial Statement Date -- As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the Organization's ongoing operations; however, the extent and severity of the potential impact is unknown at this time.

**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*

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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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 17, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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.

*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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2019-001 through 2019-003, that we consider 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. However, this report is a matter of public record and its distribution is not limited.

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

Lafayette, Louisiana  
June 17, 2020

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

**2019-001 Inadequate Segregation of Accounting Functions**

Fiscal year finding initially occurred: Unknown

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

CRITERIA: The Organization should have a control which results in no person being given responsibility for more than one related function.

CAUSE: Due to the size of the Organization, there are a small number of available employees.

EFFECT: The Organization has employees that are performing more than one related function.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

**2019-002 Timely Reconciliation of Balance Sheet Accounts**

Fiscal year finding initially occurred: 2012

CONDITION: The Organization did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

CRITERIA: The Organization should have a control which results in the timely reconciliation of balance sheet accounts.

CAUSE: Due to the lack of policies and procedures, monthly reconciliations are not being performed.

EFFECT: The Organization has numerous adjusting entries in order to properly state balance sheet accounts.

RECOMMENDATION: The Organization should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: All balance sheet accounts will be reconciled to supporting schedules and subsidiary ledgers on a monthly basis.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan (Continued)

**2019-003** Timely Deposits

Fiscal year finding initially occurred: 2015

CONDITION: The Organization did not have adequate procedures in place to ensure deposits are made on a timely basis.

CRITERIA: The Organization should have adequate controls in place to ensure deposits are made on a timely basis.

CAUSE: There is a lack of policies and procedures in place.

EFFECT: Deposits are not made on a timely basis.

RECOMMENDATION: The Organization should make deposits daily to enhance controls over safeguarding of assets.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will implement procedures to make daily deposits.

**B. Compliance Findings -**

There are no findings to report under this section.

**Part II. Prior Year Findings**

**A. Internal Control Findings -**

**2018-001** Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Organization should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2019-001.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.  
Youngsville, Louisiana

Summary Schedule of Current and Prior Year Findings  
and Management's Corrective Action Plan (Continued)

**2018-002** Timely Reconciliation of Balance Sheet Accounts

Fiscal year finding initially occurred: 2012

**CONDITION:** The Organization did not have adequate procedures in place to reconcile balance sheet accounts to appropriate supporting documentation.

**RECOMMENDATION:** The Organization should establish policies and procedures to reconcile balance sheet accounts to appropriate supporting documentation on a monthly basis.

**CURRENT STATUS:** Unresolved. See finding 2019-002.

**2018-003** Timely Deposits

Fiscal year finding initially occurred: 2015

**CONDITION:** The Organization did not have adequate procedures in place to ensure deposits are made on a timely basis.

**RECOMMENDATION:** Management should implement procedures requiring the deposit of all collections on a daily basis.

**CURRENT STATUS:** Unresolved. See finding 2019-003.

**B. Compliance Findings -**

There are no findings to report under this section.

**YOUNGSVILLE VOLUNTEER FIRE  
DEPARTMENT, INC.**  
Youngsville, Louisiana

**Agreed-Upon Procedures Report**

Year Ended December 31, 2019



# 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. (the Organization) and the Louisiana 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, 2019 through December 31, 2019. The entity'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 and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - 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/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or 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).
  - 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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 entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

#### ***Board or Finance Committee***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
  - c) Obtain the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

#### ***Bank Reconciliations***

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
  - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

- b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections***

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- 4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
- 6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
- 7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* We obtained supporting documentation for each of the 10 deposits and:
  - a) We observed that receipts are sequentially pre-numbered.
  - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) We traced the deposit slip total to the actual deposit per the bank statement.
  - d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
  - e) We traced the actual deposit per the bank statement to the general ledger.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed that the disbursement matched the related original invoice/billing statement.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
12. Using the listing prepared by management, we randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
  - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
  - b) Observed that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

***Contracts***

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
  - Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

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**(The following procedures were not performed since there were no exceptions in the prior year.)**

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
  - a) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - b) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - c) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - d) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
17. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
18. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

### ***Ethics***

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**(The following procedures were not applicable to the entity.)**

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

### ***Debt Service***

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**(The following procedures were not applicable to the entity.)**

20. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***Other***

**(The following procedures were not performed since there were no exceptions in the prior year.)**

22. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
23. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

***Exceptions:***

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

**Written Policies and Procedures:**

1. The entity does not have written policies and procedures for the following: how vendors are added to purchase orders, required approvers of credit card statements, and disaster recovery/business continuity.

***Management's response:*** The entity will update their policies and procedures to address the areas specified above.

**Bank Reconciliations:**

2. The three bank reconciliations selected for testing were not prepared within two months of statement closing.

***Management's response:*** The entity will implement a policy requiring bank reconciliations be performed monthly.

3. The three bank reconciliations selected for testing had reconciling items that had been outstanding for more than 12 months from the statement closing date and there was no evidence that management had researched those items.

***Management's response:*** The entity will implement a policy requiring management to research reconciling items that have been outstanding for more than 12 months from the statement closing date.

**Cash Collections:**

4. Three of the six deposits tested were not made within one business day.

***Management's response:*** The entity will implement a policy to ensure that all collections will be deposited timely (within 1 business day or 1 week if deposit is less than \$100).

5. Employees who have access to cash are not covered by a bond or insurance policy.

***Management's response:*** The entity will implement a policy requiring all employees with access to cash to be bonded or covered by insurance policy.

6. Four of the six deposits tested were unable to be traced from system reports or other collection documentation to the deposit receipts.

**Management's response:** The entity will implement a policy that requires all collection documentation to be kept for at least one year.

**Disbursements:**

7. The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

**Management's response:** The entity will implement a policy that prohibits the employee responsible for payment processing from adding/modifying vendor files.

**Credit Cards:**

8. One of the five credit card statements selected for testing incurred finance or late fees.

**Management's response:** The entity will ascertain that all credit card statements are paid timely to not incur finance or late fees.

9. Of the twelve credit card transactions tested, five transactions did not have written documentation of the business/public purpose, or documentation of the individuals participating in meals.

**Management's response:** The entity will ascertain that all credit card transactions have an original receipt, written documentation of the business/public purpose, and documentation of individuals participating in meals.

10. Of the twelve credit card transactions tested, one transaction was not supported by an original itemized receipt.

**Management's response:** The entity will ascertain that all credit card transactions have an original receipt.

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 17, 2020