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**YOUNGSVILLE VOLUNTEER FIRE
DEPARTMENT, INC.**

Financial Report

Years Ended December 31, 1998 and 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date _____

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the Youngsville Volunteer Fire Department, Inc. (a nonprofit organization), as of December 31, 1998 and 1997, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Youngsville Volunteer Fire Department, Inc. as of December 31, 1998 and 1997, and the changes in its net assets and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated May 5, 1999, 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 and regulations.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information listed as "Supplemental Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the items marked as "unaudited", has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
May 5, 1999

FINANCIAL STATEMENTS

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Financial Position
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 44,519	\$ 14,048
Accounts receivable	350	-
Accrued interest receivable	127	121
Total current assets	<u>44,996</u>	<u>14,169</u>
Property, plant, and equipment, net	<u>138,691</u>	<u>164,781</u>
Total assets	<u><u>\$183,687</u></u>	<u><u>\$178,950</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 852	\$ 1,772
Current maturities of long-term debt	3,742	3,509
Deferred income	30,000	-
Interest payable	3,387	3,519
Total current liabilities	<u>37,981</u>	<u>8,800</u>
Long-term debt	<u>59,500</u>	<u>63,314</u>
Total liabilities	<u>97,481</u>	<u>72,114</u>
Net assets:		
Unrestricted -		
Operating	10,757	8,878
Net investment in fixed assets	75,449	97,958
Total net assets	<u>86,206</u>	<u>106,836</u>
Total liabilities and net assets	<u><u>\$183,687</u></u>	<u><u>\$178,950</u></u>

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Activities
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Public support:		
Contributions -		
Town of Youngsville	\$ 10,385	\$ 7,215
State of Louisiana - Fire insurance tax	15,211	14,138
Miscellaneous donations	1,600	8,215
Total public support	<u>27,196</u>	<u>29,568</u>
Revenue:		
Contract service fees	25,000	25,000
Fund raising	-	9,147
Interest income	459	196
Miscellaneous	1,367	867
Total revenue	<u>26,826</u>	<u>35,210</u>
Total support and revenue	<u>54,022</u>	<u>64,778</u>
Expenses:		
Program services -		
Fire-fighting	70,113	70,874
Support services -		
General and administrative	4,539	3,459
Fundraising	-	5,924
Total expenses	<u>74,652</u>	<u>80,257</u>
Decrease in unrestricted net assets	(20,630)	(15,479)
Net assets, unrestricted, beginning of year	<u>106,836</u>	<u>122,315</u>
Net assets, unrestricted, end of year	<u>\$ 86,206</u>	<u>\$106,836</u>

The accompanying notes are an integral part of this statement.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Cash Flows
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Change in net assets	\$ (20,630)	\$ (15,479)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Increase in accrued interest receivable	(6)	(121)
Depreciation	28,054	27,447
Donated equipment included in support	-	(3,169)
Changes in current assets and liabilities:		
Increase (decrease) in accounts payable	(920)	1,224
Increase (decrease) in accrued interest payable	(132)	68
Increase in accounts receivable	(350)	-
Increase in deferred income	<u>30,000</u>	<u>-</u>
Net cash provided by operating activities	<u>36,016</u>	<u>9,970</u>
Cash flows from (used by) capital and related financing activities:		
Purchase of interest-bearing deposits improvements	(1,964)	(7,523)
Principal paid on note payable	<u>(3,581)</u>	<u>(3,544)</u>
Net cash used by capital and related financing activities	<u>(5,545)</u>	<u>(11,067)</u>
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(7,868)	(7,500)
Proceeds from the maturities of interest-bearing deposits	<u>7,500</u>	<u>-</u>
Net cash used by investing activities	<u>(368)</u>	<u>(7,500)</u>
Increase (decrease) in cash	30,103	(8,597)
Cash and cash equivalents, beginning of period	<u>6,548</u>	<u>15,145</u>
Cash and cash equivalents, end of period	<u>\$ 36,651</u>	<u>\$ 6,548</u>

(continued)

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Cash Flows (Continued)
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash	\$ 6,548	\$ 15,145
Interest-bearing deposits	7,500	-
Less: Certificates of deposit with a maturity over three months	<u>(7,500)</u>	<u>-</u>
Total cash and cash equivalents	<u>6,548</u>	<u>15,145</u>
Cash and cash equivalents, end of period -		
Cash	36,651	6,548
Interest-bearing deposits	7,868	7,500
Less: Certificates of deposit with a maturity over three months	<u>(7,868)</u>	<u>(7,500)</u>
Total cash and cash equivalents	<u>36,651</u>	<u>6,548</u>
Net increase (decrease)	<u>\$ 30,103</u>	<u>\$ (8,597)</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 4,216</u>	<u>\$ 4,392</u>

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

Organization

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 Town of Youngsville, Louisiana; supervising, directing and controlling the proper care and use of all types of inflammable or combustible material found within the Town; acquiring and holding property for purposes of the organization, and other related purposes.

A. Basis of Accounting

The Organization utilizes the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

B. Property and Equipment

Property and equipment are stated at cost. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Buildings	30 years
Furniture and fixture	7 years
Fire trucks and engines	10 years
Fire fighting equipment	15 years

C. Income Taxes

The Organization qualifies as a tax exempt organization under Section 501(c)(4) of the Internal Revenue Code and therefore, has no provision for federal income taxes.

D. Donated Services

A substantial number of volunteers have donated time to the Organization's program and supporting services. No amounts have been included in the financial statements for donated services since no objective basis is available to measure the value of such services.

E. Cash 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.

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Notes to Financial Statements (Continued)

(2) Property, Plant and Equipment

The following is a summary of property, plant and equipment at December 31, 1998 and 1997:

	1998	1997
Land	\$ 15,000	\$ 15,000
Building	45,000	45,000
Equipment	106,577	104,613
Furniture and fixtures	2,389	2,389
Fire trucks and engines	200,493	200,493
Total property, plant and equipment	369,459	367,495
Less: Accumulated depreciation	(230,768)	(202,714)
Net property, plant and equipment	\$ 138,691	\$ 164,781

(3) Long-Term Debt

Following is a summary of long-term debt at December 31, 1998 and 1997

	1998	1997
Note payable to Farmers Home Administration, dated March 7, 1989, original principal of \$50,000, due in annual payments through March 7, 2009 of \$5,021, including interest at 7.5 percent and secured by a building.	\$ 36,631	\$ 38,709

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Notes to Financial Statements (Continued)

	<u>1998</u>	<u>1997</u>
Note payable to Farmers Home Administration, dated May 15, 1997 original principal of \$29,500, due in annual payments through May 15, 2011 of \$2,915, including interest at 5.375 percent and secured by a fire engine.	26,611	28,114
Total debt	63,242	66,823
Less: Current maturities included in current liabilities	<u>(3,742)</u>	<u>(3,509)</u>
Total long-term debt	<u>\$ 59,500</u>	<u>\$ 63,314</u>

Following are maturities of long-term debt for each of the next five years and in the aggregate:

	<u>Amount</u>
1999	\$ 3,742
2000	3,991
2001	4,257
2002	4,542
2003	4,846
2004-2011	<u>41,864</u>
	<u>\$63,242</u>

(4) Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue consists of two shortcomings of many electronic data processing systems that make the systems unable to process year-date data accurately beyond the year 1999. The first shortcoming is the result of computer programs being written with date fields consisting of two characters instead of four characters under the assumption that the first two characters of a date field

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Notes to Financial Statements (Continued)

would always be 19. Accordingly, subsequent to December 31, 1999, any date sensitive computer systems or embedded chips may recognize the two character year "00" as the year 1900 rather than the year 2000 and process data inaccurately or cease processing altogether. The second shortcoming is that the algorithm used in some computer systems for calculating leap years is unable to detect that the year 2000 is a leap year. Therefore, systems may not register the additional day and date calculations may be incorrect.

The Organization has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified. It has been determined that the Organization is not significantly dependent on computerized systems for essential operations.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Organization is or will be Year 2000 compliant, and that the remediation efforts will be successful in whole or in part, or that the parties with whom the Organization transacts business will be Year 2000 compliant.

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL AND COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

Youngsville Volunteer Fire Department, Inc.
Youngsville, Louisiana

We have audited the financial statements of the Youngsville Volunteer Fire Department, Inc. for the year ended December 31, 1998, and have issued our report thereon dated May 5, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Youngsville Volunteer Fire Department, Inc.'s, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Youngsville Volunteer Fire Department, Inc., internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Youngsville Volunteer Fire Department, Inc.'s, ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC).

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a

timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 98-1 (IC) is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
May 5, 1999

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 1998

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 (12/31/98)						
Internal Control:						
98-1 (IC)	Unknown	Due to the small number of employees, the fire department did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	William Benoit, Treasurer	N/A

OTHER SUPPLEMENTAL INFORMATION

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Functional Expenses
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Program service expenses:		
Fire-fighting -		
Communications	\$ 1,260	\$ 1,495
Dues and subscriptions	86	140
Utilities and telephone	2,106	2,320
Insurance	9,337	11,737
Repairs and maintenance	17,920	19,819
Supplies	688	210
Truck fuel	1,635	1,602
Uniforms	296	190
Education and training	888	660
Competition	3,621	793
Interest expense	4,222	4,461
Depreciation	<u>28,054</u>	<u>27,447</u>
Total program service expenses	<u>70,113</u>	<u>70,874</u>
Support service expenses:		
General and administrative -		
Professional fees	3,685	3,015
Meals	500	228
Miscellaneous	226	159
Office expense	12	-
Postage expense	<u>116</u>	<u>57</u>
Total general and administrative expenses	4,539	3,459
Fund raising expenses	<u>-</u>	<u>5,924</u>
Total support service expenses	<u>4,539</u>	<u>9,383</u>
Total expenses	<u>\$ 74,652</u>	<u>\$ 80,257</u>

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Schedule of Insurance in Force
(Unaudited)
Year Ended December 31, 1998

Description of Coverage	Coverage Amounts	
	Each Occurrence	Aggregate
Workmen's compensation (statutory):		
Employer's liability	\$ 100,000	\$ 500,000
Automobile liability:		
Any auto		
Hired autos		
Non-owned autos		
Fellow member	1,000,000	
Umbrella	5,000,000	5,000,000
General Liability		
Commercial General Liability	1,000,000	2,000,000
Medical Malpractice		
Management Liability		