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LEGISLATIVE AUDITORYOUNGSVILLE VOLUNTEER FIRE
DEPARTMENT, INC.

Financial Report

Years Ended December 31, 2003 and 2002

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

Release Date 7-28-04

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INDEPENDENT AUDITORS' REPORT

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

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Youngville Volunteer Fire Department, Inc. as of December 31, 2003, and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated June 16, 2004, on our consideration of the Youngville 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

Kohler, Champagne, Sivren & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 18, 2004

FINANCIAL STATEMENTS

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Financial Position
December 31, 2001 and 2002

	2000	2001
ASSETS		
Cash and interest-bearing deposits	\$ 26,517	\$ 62,134
Accrued interest receivable	169	297
Property, plant, and equipment, net	<u>157,417</u>	<u>281,214</u>
Total assets	<u>\$ 284,123</u>	<u>\$ 343,639</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 45	\$ 2,232
Current maturities of long-term debt	15,625	17,733
Accrued interest payable	2,429	2,782
Deferred revenue	7,866	30,080
Long-term debt	<u>118,625</u>	<u>138,994</u>
Total liabilities	<u>147,610</u>	<u>191,731</u>
Net assets:		
Unrestricted -		
Operating	17,186	27,371
Net investment in fixed assets	<u>219,007</u>	<u>124,035</u>
Total unrestricted net assets	<u>236,193</u>	<u>151,406</u>
Temporarily restricted		
Total net assets	<u>236,193</u>	<u>151,406</u>
Total liabilities and net assets	<u>\$ 284,123</u>	<u>\$ 343,639</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, 2003 and 2002

	2003	2002
Unrestricted net assets		
Unrestricted support and revenue -		
Public support:		
Contributions -		
Town of Youngsville	\$ 61,585	\$ 47,329
Batais	29,049	22,538
Miscellaneous donations	21,224	618
Total public support	111,858	70,485
Revenue:		
Grant revenue	198,274	-
Contract service fees	38,800	38,800
Interest income	383	516
Miscellaneous	13,628	4,812
Total revenue	350,085	44,138
Total unrestricted support and revenue	461,943	114,623
Expenses:		
Program services -		
Fire-fighting	143,744	138,246
Support services -		
General and administrative	42,788	22,583
Total expenses	186,532	160,829
Increase (decrease) in unrestricted net assets	275,411	(46,206)
Temporarily restricted net assets:		
Contributions from Lafayette Parish Consolidated Government	-	-
Increase (decrease) in net assets	-	-
Net assets, beginning of year	131,596	168,079
Net assets, end of year	407,007	121,873

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, 2003 and 2002

	2003	2002
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 84,687	\$ (18,072)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,724	42,827
Decrease (increase) in operating assets:		
Accrued interest receivable	189	(191)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,266)	(3,225)
Accrued interest payable	(393)	(1,176)
Deferred income	(32,934)	28,082
Net cash provided by operating activities	113,027	58,168
Cash flows from investing activities:		
Purchase of interest-bearing deposits	(13,181)	(26,872)
Proceeds from the maturities of interest-bearing deposits	26,872	9,092
Purchase of equipment, furniture and fixtures	(228,967)	(18,741)
Net cash used by investing activities	(215,276)	(36,521)
Cash flow from financing activity:		
Principal paid on notes payable	(18,633)	(18,791)
Net cash provided (used) by financing activities	(18,633)	(18,791)
Increase (decrease) in cash and cash equivalents	(20,882)	(4,144)
Cash and cash equivalents, beginning of period	15,256	20,440
Cash and cash equivalents, end of period	\$ 9,374	\$ 16,296

(continued)

YOUNGVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngville, Louisiana

Statements of Cash Flows (Continued)
Years Ended December 31, 2001 and 2002

	<u>2001</u>	<u>2002</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash	\$ 15,296	\$ 39,444
Interest-bearing deposits	16,872	8,822
Less: Certificates of deposit with a maturity over three months	<u>(26,822)</u>	<u>(9,822)</u>
Total cash and cash equivalents	<u>15,296</u>	<u>38,444</u>
Cash and cash equivalents, end of period -		
Cash	9,371	15,296
Interest-bearing deposits	17,189	26,872
Less: Certificates of deposit with a maturity over three months	<u>(17,189)</u>	<u>(26,872)</u>
Total cash and cash equivalents	<u>9,371</u>	<u>15,296</u>
Net decrease	<u>\$25,879</u>	<u>\$ (4,148)</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 9,447</u>	<u>\$ 18,136</u>

The accompanying notes are an integral part of this statement.

YOUNGVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngville, Louisiana

Notes to Financial Statements

(I) Summary of Significant Accounting Policies

Organization

The Youngville Volunteer Fire Department, Inc. (Organization) is a non-profit corporation formed under the laws of the State of Louisiana for the purpose of inspecting, preventing, and extinguishing all types of destructive fires within or near the Town of Youngville, 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 fixtures	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)(3) 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, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Land	\$ 15,000	\$ 15,000
Building	45,000	45,000
Building Improvements	20,279	17,819
Equipment	238,784	177,604
Furniture and Fixtures	8,482	6,393
Fire trucks and engines	471,999	451,818
Total property, plant and equipment	799,544	673,640
Less: Accumulated depreciation	(436,067)	(391,820)
Net property, plant and equipment	\$ 363,477	\$ 281,820

(3) **Long-Term Debt**

Following is a summary of long-term debt at December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Note payable to Farmers Home Administration, dated March 7, 1989, original principal of \$50,808, due in annual payments through March 7, 2009 of \$5,021, including interest at 7.0 percent and secured by a building.	\$ 23,268	\$ 24,451
Note payable to Farmers Home Administration, dated May 15, 1997 original principal of \$29,000, due in annual payments through May 15, 2011 of \$2,918, including interest at 5.135 percent and secured by a fire engine.	18,323	20,273
Note payable to USDA, dated March 29, 2000, original principal of \$158,080, due in annual payments through March 28, 2010 of \$20,140, including interest at 5.75 percent.	76,362	109,993
Total debt	118,053	154,717
Less: Current maturities included in current liabilities	(18,825)	(17,723)
Total long-term debt	\$ 99,228	\$ 136,994

YOUNGSMVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Notes to Financial Statements (Continued)

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

<u>Year</u>	<u>Amount</u>
2004	\$ 19,623
2005	20,823
2006	22,100
2007	23,454
2008	24,891
2009-2011	<u>23,153</u>
	<u>\$ 138,044</u>

(4) **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.

(5) **Deferred Revenue**

Deferred revenue consisted of the following at December 31, 2003:

Unexpended portion of the proceeds received from the Federal Emergency Management Agency (FEMA) for payment of repairs, replacements and purchase of property and equipment.

\$ 3,066

SUPPLEMENTAL INFORMATION

**COMPLIANCE
AND
INTERNAL CONTROL**

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

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, 2003, and have issued our report thereon dated June 10, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 III-1(C).

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable condition described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at Item 03-1(K) 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, Chappagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 10, 2004

YOUNGSHVILLE VOLUNTEER FIRE DEPARTMENT

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

Ref. No.	Final Year Finding Initially Discovered	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/03) -						
Internal Control						
03-1003	Unknown	Due to the small number of employees, the fire departments did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	William Bessell, Treasurer	N/A
PRIOR YEAR (12/31/02) -						
02-1003	Unknown	Due to the small number of employees, the fire departments did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	William Bessell, Treasurer	N/A

OTHER SUPPLEMENTAL INFORMATION

YOUNGSVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Statements of Functional Expenses
Years Ended December 31, 2001 and 2002

	2001	2002
Program service expenses:		
Fire-fighting -		
Dues and subscriptions	\$ 158	\$ 237
Utilities and telephone	6,248	5,510
Insurance	16,898	12,869
Repairs and maintenance	36,232	9,633
Supplies	9,428	3,209
Tire & fuel	4,876	2,160
Uniforms	1,802	1,809
Education and training	4,815	5,900
Interest expense	9,492	18,889
Depreciation	53,724	42,827
Medical expenses	<u>1,861</u>	<u>4,641</u>
Total program service expenses	<u>143,744</u>	<u>108,246</u>
Support service expenses:		
General and administrative -		
Professional fees	6,289	6,135
Contract labor - maintenance	25,688	12,019
Meals	1,179	1,797
Fund raising	5,868	-
Radio contract	2,879	2,480
Miscellaneous	427	588
Office expense	234	393
Postage expense	<u>945</u>	<u>141</u>
Total support service expenses	<u>42,708</u>	<u>23,581</u>
Total expenses	<u>\$ 186,452</u>	<u>\$ 131,827</u>

YOUNGSRVILLE VOLUNTEER FIRE DEPARTMENT, INC.
Youngsville, Louisiana

Schedule of Insurance in Force
(Unaudited)
Year Ended December 31, 2003

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