

CITY OF YOUNGSVILLE, LOUISIANA

Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2024

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with GAAP.
2. Six deficiencies in internal control were disclosed during the audit of the financial statements. These deficiencies were determined to be material weaknesses.
3. Four instances of noncompliance that were required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No material weaknesses in internal control over the major federal programs were disclosed during the audit.
5. The auditor's report on compliance for the major federal award program for the City expresses an unmodified opinion on the major federal program.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The following program is considered to be the only major program: Hazard Mitigation Grant Program (97.039).
8. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The City did not qualify as a low-risk auditee.

Part II. Findings which are required to be reported in accordance with Generally Accepted Governmental Auditing Standards:

Internal Control Findings –

2024-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

Condition

The City did not have adequate segregation of functions within the accounting system.

Criteria

The City should have a control policy according to which no person should be given responsibility for more than one related function.

Cause

Due to the size of the City, there are a small number of available employees.

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For the Year Ended June 30, 2024

Effect

The City has employees that are performing more than one related function.

Recommendation

The City 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.

2024-002 Inadequate Recordation of Transactions and Reconciliations of Account Balances

Fiscal year finding initially occurred: 2020

Condition

The City does not have adequate controls over the recording of transactions and monthly reconciliations of interfund account balances.

Criteria

The City should reconcile the interfund transactions monthly. The City should pay out all interfund balances due to the appropriate funds.

Cause

Due to inadequate policies and procedures, the City's accounting records may not be accurate and reconciled timely.

Effect

The City could have discrepancies in the financial statements, thereby causing management to make decisions based upon erroneous information. Additionally, lack of internal controls could result in misappropriation of assets.

Recommendation

The City should implement policies and procedures to ascertain that transactions are properly recorded, and account balances are reconciled on a timely basis.

Management's corrective action plan

The City continues to implement policies and procedures and improve system controls to ensure that transactions are properly recorded, and account balances are reconciled on a timely basis.

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Schedule of Findings and Questioned Cost (Continued)
For the Year Ended June 30, 2024

2024-003 Inadequate Controls Over Financial Statement Preparation

Fiscal year finding initially occurred: 2022

Condition:

The City does not have a staff person who has the qualifications and training necessary to apply generally accepted accounting principles (GAAP) in recording the City's financial transactions or preparing its financial statements, including the related notes.

Criteria:

The City should be able to record financial transactions and prepare financial statements in accordance with GAAP.

Cause:

The City does not have personnel with the qualifications needed to perform this function.

Effect:

The City financial transactions and financial statements may not be prepared in accordance with GAAP.

Recommendation:

The City should outsource this task to ensure the financial statements and transactions are in accordance with GAAP.

Management's Corrective Action Plan:

The City has evaluated the cost vs benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determined that is in the best interest of the City to outsource this task to the independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

2024-004 Inadequate Controls Over Bank Reconciliations

Fiscal year finding initially occurred: 2024

Condition:

The City did not properly reconcile all bank accounts through the fiscal year.

Criteria:

The City should have a control policy in place that provides for the proper and timely reconciliation of all bank accounts.

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Schedule of Findings and Questioned Cost (Continued)
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Cause:

A process was in place for the reconciliation, review, and approval of bank reconciliations. However, reconciliations required adjustments by the City's auditors to ensure proper reporting of cash balances.

Effect:

Failure to properly reconcile bank accounts and review such reconciliations could result in errors and/or fraud by not recording account activity accurately.

Recommendation:

The City should ensure internal control policies and procedures over bank reconciliations are being properly implemented.

Management's Corrective Action Plan:

Management will review policies and procedures concerning bank reconciliations to ensure bank accounts get properly reconciled to the general ledger.

2024-005 Significant Audit Adjustments

Fiscal year finding initially occurred: 2024

Condition:

Management of the City of Youngsville should maintain appropriate policies and procedures to correctly record, adjust, and reconcile significant financial statement account balances to ensure they are properly stated at year end.

Criteria:

During the audit, significant audit adjustments were made to correct financial statement amounts to their proper balances based on support acquired during the audit. Without reliance on the auditor's procedures, these adjustments would not have been detected, which could lead to balances being misstated at year end.

Cause:

The City of Youngsville did not have proper internal control procedures to monitor the financial transactions of the City. Additionally, the City did not have proper procedures to reconcile significant account balances for presentation in the financial statements.

Effect:

The City of Youngsville's financial statements could be materially misstated if proper internal controls over financial reporting are not in place.

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For the Year Ended June 30, 2024

Recommendation:

The City of Youngsville should implement policies and procedures to monitor the financial transactions of the City and to ensure that all significant account balances are properly reconciled.

Management's Corrective Action Plan:

Management of the City of Youngsville is currently working to implement policies and procedures to ensure financial transactions are appropriately recorded and reconciled.

2024-006 Segregation of Utility Deposits

Fiscal year finding initially occurred: 2024

Condition:

The City of Youngsville has an outstanding utility deposit liability of \$737,766; however, the City only has \$346,535 in segregated cash accounts to refund customer deposits.

Criteria:

Management should segregate restricted assets into separate bank accounts to ensure restricted assets are available when required.

Cause:

The City of Youngsville did not have proper internal control procedures to ensure assets restricted for utility deposit reimbursements were segregated from other assets of the city.

Effect:

Failure to adequately segregate restricted cash increases the risk that errors, including fraud may occur and not be prevented/and or detected. Additionally, failure to segregate cash could result in the City inadvertently spending customer deposits on operating expenditures.

Recommendation:

The City should implement policies and procedures over utility deposits, including segregating customer deposits into their own bank account.

Management's Corrective Action Plan:

As of the date of this report, management has transferred the appropriate cash into the separately designated customer utility deposit account.

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Schedule of Findings and Questioned Cost (Continued)
For the Year Ended June 30, 2024

Compliance Findings –

2024-007 Procurement

Fiscal year finding initially occurred: 2024

Condition:

The City of Youngsville entered into an agreement with a vendor that was not properly procured.

Criteria:

Louisiana Revised Statute 39:1753.1(C) states “Prior to the procurement of telecommunications or video surveillance equipment or services, the vendor shall provide documentation by affidavit that the equipment or services to be procured are not prohibited.” Additionally, Louisiana Revised Statute 39:1753.1(C) also states “No procurement shall be made from a vendor or other entity who fails to provide the documentation required in Subsection C of this Section. Any procurement of prohibited telecommunications or video surveillance equipment or services is defined in Subsection A of this section, or other procurement in violation of this Section shall be void.”

Cause:

The City was unaware of the procurement requirements related to telecommunications and video surveillance equipment.

Effect:

The City entered into an agreement with a vendor that may have violated Louisiana Revised Statute 39:1753.1.

Recommendation:

The City should implement policies and procedures that require the City to obtain an affidavit verifying that the equipment or services are not prohibited.

Management’s Corrective Action Plan:

As of the date of this report, the City of Youngsville has obtained the necessary affidavits and has modified contracts with vendors to be in compliance with state statutes.

2024-008 Compliance with Bond Requirements

Fiscal year finding initially occurred: 2024

Condition:

The City did not comply with the bond requirements of the Series 2014, 2016, 2021, and both 2017 revenue bonds.

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Criteria:

The City has outstanding debt obligations that are governed by debt covenants.

Cause:

The City did not make the required monthly deposits and/or maintain the required amount of cash in the required accounts.

Effect:

The City did not comply with the bond requirements of various debt obligations.

Recommendation:

The City should review the requirements of the debt covenants to ensure compliance with all bond requirements of debt obligations.

Management's Corrective Action Plan:

As of the date of this report, the City has corrected all requirements of the debt covenants and made the necessary deposits and obligations requirements and will continue to monitor the requirements to ensure compliance.

2024-009 Failure to Amend Budget

Fiscal year finding initially occurred: 2024

Condition:

Total expenditures and other uses of the 1999 sales tax fund and the recreational facilities sales tax fund exceeded total budgeted expenditures and other sources by more than five percent. In addition, the general fund revenues and other sources failed to meet total budgeted revenues by more than five percent.

Criteria:

Louisiana Revised Statute 39:1311 A(2) states that the budget is required to be amended when "total expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more". Additionally, Louisiana Revised Statute 39:1311A(1) states that the budget is required to be amended when "total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more".

Cause:

The City did not properly monitor compliance with the budget.

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Effect:

The City may not prevent and/or detect excess spending of the appropriated budget in a timely manner.

Recommendation:

The City should monitor compliance with the budget and amend the budget when total expenditures and other uses exceed total budgeted amounts or when total revenues and other sources fail to meet budgeted amounts.

Management's Corrective Action Plan:

The City amended the budget; however, adjustments required during the audit resulted in budget variances greater than 5%. The City will continue to monitor budget compliance and amend the budget when necessary.

2024-010 Failure to File Audited Financial Statements Timely

Fiscal year finding initially occurred: 2024

Condition:

The City's annual audited financial statements were not filed in a timely manner for the fiscal year ended June 30, 2024.

Criteria:

In accordance with Louisiana Revised Statute 24:513, the city must complete and submit an audit of their financial statements within six months of the close of their fiscal year to the Legislative Auditor's office.

Cause:

The City's management did not take the appropriate actions to ensure its annual financial statement audit was completed within six months of the close of their fiscal year.

Effect:

The City did not comply with Louisiana Revised Statute 24:513.

Recommendation:

The City should take necessary actions to ensure their annual financial statement audit is completed and submitted within six months of the close of their fiscal year.

Management's Corrective Action Plan:

The City will take the appropriate actions to ensure that the financial statement audit is completed and submitted within the prescribed deadline.

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Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

Compliance Findings –

There were no compliance findings reported.

Internal Control Findings –

There were no internal control findings reported.

