

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Financial Report

Years Ended June 30, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Broussard Fire Department
Broussard, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Broussard Fire Department (a nonprofit organization), a component unit of the City of Broussard, Louisiana, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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 Broussard Fire Department as of June 30, 2017 and 2016 , and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on page 13 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 3, 2017, on our consideration of the Broussard Fire Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Organization's internal control over financial reporting and compliance.

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

Lafayette, Louisiana
October 3, 2017

FINANCIAL STATEMENTS

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 213,708	\$ 204,313
Property and equipment, net	1,411,631	1,171,967
Total assets	\$ 1,625,339	\$1,376,280
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,567	\$ 1,283
Long-term liabilities:		
Note payable	61,153	-
Total liabilities	62,720	1,283
Net assets:		
Temporarily restricted	1,066,378	975,750
Unrestricted	496,241	399,247
Total net assets	1,562,619	1,374,997
Total liabilities and net assets	\$ 1,625,339	\$1,376,280

The accompanying notes are an integral part of this statement.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Activities
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Unrestricted net assets:		
Unrestricted revenues -		
Contributions:		
In-kind contributions - City of Broussard	\$ 667,191	\$ 686,776
Assistance to Firefighters Grant- FEMA	-	36,686
Lafayette Parish Consolidated Government	50,000	50,000
Miscellaneous donations	<u>525</u>	<u>1,200</u>
Total contributions	<u>717,716</u>	<u>774,662</u>
Other revenues:		
Contract services	126,000	126,000
Lafayette Parish - fire insurance tax	56,299	56,807
Interest income	324	259
Other income	<u>23,487</u>	<u>26,198</u>
Total other revenues	<u>206,110</u>	<u>209,264</u>
Total contributions and other revenues	923,826	983,926
Net assets released from restrictions	<u>182,422</u>	<u>145,798</u>
Total unrestricted revenues and other support	<u>1,106,248</u>	<u>1,129,724</u>
Expenses:		
Program services -		
Fire fighting	<u>967,626</u>	<u>1,018,233</u>
Supporting services -		
Management and general	34,910	40,976
Fundraising	<u>6,718</u>	<u>5,275</u>
Total supporting services	<u>41,628</u>	<u>46,251</u>
Total expenses	<u>1,009,254</u>	<u>1,064,484</u>
Increase in unrestricted net assets	<u>96,994</u>	<u>65,240</u>
Changes in temporarily restricted net assets:		
Contributed equipment - City of Broussard	273,050	30,046
Net assets released from restrictions	<u>(182,422)</u>	<u>(145,798)</u>
Increase (decrease) in temporarily restricted net assets	<u>90,628</u>	<u>(115,752)</u>
Increase (decrease) in net assets	187,622	(50,512)
Net assets, beginning of year	<u>1,374,997</u>	<u>1,425,509</u>
Net assets, end of year	<u>\$ 1,562,619</u>	<u>\$ 1,374,997</u>

The accompanying notes are an integral part of this statement.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 187,622	\$ (50,512)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	193,316	178,402
In-kind contributions	(273,050)	(30,046)
Increase (decrease) in accounts payable	284	(630)
Net cash provided by operating activities	108,172	97,214
 Cash flows from investing activities:		
Acquisition of property and equipment	(159,930)	(47,606)
 Cash flows from financing activities:		
Proceeds from note payable	108,155	-
Payment on note payable	(47,002)	-
Net cash provided by financing activities	61,153	-
 Increase in cash and cash equivalents	9,395	49,608
 Cash and cash equivalents, beginning of period	204,313	154,705
 Cash and cash equivalents, end of period	\$ 213,708	\$ 204,313
 Supplemental disclosure for the statement of cash flows:		
 Cash paid for interest	\$ 2,998	\$ -
Non-cash investing and financing activities:		
Equipment contributed from City of Broussard	\$ 273,050	\$ 30,046

The accompanying notes are an integral part of this statement.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Organization

The Broussard Fire Department (Organization), component unit of the City of Broussard, Louisiana, 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 Broussard, 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.

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

The Organization capitalizes all property and equipment acquisitions in excess of \$1,000. 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. In the absence of donor stipulations regarding how long the contributed asset must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expire over the useful lives of the assets. Depreciable assets are depreciated using the straight-line method over the estimated useful lives of the individual assets as follows:

Buildings and improvements	7 - 31 years
Equipment and vehicles	5 - 10 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. Since the Organization qualifies as an affiliate of a governmental unit, it is exempt from filing Form 990 *Return of Organization Exempt from Income Tax* as per Revenue Procedure 95-48.

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.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all instruments with maturities of three months or less to be cash equivalents.

F. Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$932 and \$1,027 for the years ended June 30, 2017 and 2016, respectively.

G. 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.

H. Functional Expenses

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

(2) Property and Equipment

The following is a summary of property and equipment at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 30,000	\$ 30,000
Buildings and improvements	450,523	442,523
Equipment and vehicles	<u>2,620,452</u>	<u>2,264,326</u>
Total property and equipment	3,100,975	2,736,849
Less: Accumulated depreciation	<u>(1,689,344)</u>	<u>(1,564,882)</u>
Property and equipment, net	<u>\$ 1,411,631</u>	<u>\$ 1,171,967</u>

Depreciation expense charged to operations amounted to \$193,316 and \$180,042 for the years ended June 30, 2017 and 2016, respectively.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

(3) Note Payable

	2017	2016
Note payable to bank, bearing interest at the rate of 2.96%, payable in 3 annual installments (principal and interest) of \$38,131, with a maturity of July 1, 2019 and secured by a fire truck with a book value of \$392,207 at June 30, 2016.	\$ 61,153	\$ -
Less: current portion	-	-
Total note payable	\$ 61,153	\$ -

Maturities of the note payable are as follows:

Year Ended June 30,	
2019	\$ 35,981
2020	27,172
Total	\$ 63,153

(4) Temporarily Restricted Net Assets

Temporarily restricted assets in the amount of \$1,066,378 and \$975,750 at June 30, 2017 and 2016, respectively, consisted of the remaining estimated useful lives of contributed fixed assets.

(5) Net Assets Released from Restrictions

Net assets released from restrictions in the amount of \$182,422 and \$145,798 for the years ended June 30, 2017 and 2016, respectively, was due to the expiration of time restrictions on the remaining estimated useful lives of contributed fixed assets.

(6) 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 (funded by City of Broussard contributions). There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(7) Concentration of Credit Risk

The Organization maintains cash balances at two financial institutions, which at times exceeds federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017 and 2016, the Organization's cash balances were fully secured.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

(8) City of Broussard - Contributions

The City of Broussard pays for expenses and equipment on behalf of the Organization, which are recorded as in-kind contributions revenue or contributed equipment and included in the various program and supporting services expenses or capitalized. During the years ended June 30, 2017 and 2016, equipment in the amount of \$273,050 and \$30,046, respectively, was paid by the City and included in the changes in temporarily restricted net assets. In-kind contributions for the years ended June 30, 2017 and 2016 in the amount of \$667,191 and \$686,776, respectively, were paid by the City for the following:

	2017	2016
Program services:		
Salaries and related benefits	\$ 385,222	\$ 388,183
Auto expense	74,125	55,994
Insurance	79,932	75,303
Supplies, repairs, and maintenance	63,943	102,877
Utilities and communication	34,514	36,460
Total program services	637,736	658,817
Supporting services - management and general		
Professional fees	25,390	24,349
Miscellaneous	4,065	3,610
Total supporting services - management and general	29,455	27,959
Total in-kind contributions	\$ 667,191	\$ 686,776

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

The schedules of compensation, benefits, and other payments to Chief Bryan Champagne for the years ended June 30, 2017 and 2016, respectively, are as follows:

	2017	2016
Purpose:		
Salary	\$ 41,808	\$ 40,036
Benefits - insurance	13,649	13,278
Benefits - other	240	518
Auto reimbursements	1,750	4,868
Continuing professional education	300	100
Total	\$ 57,747	\$ 58,800

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

(10) New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU No.2016-14 (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities. The requirements of this statement are effective for fiscal years beginning after December 17, 2017. The effect of implementation of this pronouncement on the Organization's financial statements has not yet been determined.

(11) Subsequent Events

The Organization has evaluated subsequent events through October 3, 2017, the date which the financial statements were made available.

SUPPLEMENTAL INFORMATION

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Functional Expenses
Years Ended June 30, 2017 and 2016

	2017	2016
Program services:		
Fire fighting -		
Auto expense	\$ 80,578	\$ 56,409
Dues and subscriptions	1,972	1,125
Insurance	79,932	75,303
Interest expense	2,998	-
Fire prevention	3,037	3,713
Office supplies	8,434	7,237
Group insurance	26,514	24,149
Salaries	330,714	335,399
Payroll taxes	24,786	25,038
Retirement	3,210	3,596
Repairs and maintenance	34,263	35,075
Rehab supplies	2,227	3,365
Station supplies	49,045	80,426
Uniforms	1,403	20,034
Training	218	9,309
Volunteer paid per call	90,465	123,193
Utilities and communication	34,514	36,460
Depreciation	193,316	178,402
Total program services	967,626	1,018,233
Supporting services:		
Management and general -		
Advertising	932	1,028
Meals	2,567	5,793
Computer	-	(1,637)
Professional fees	25,390	24,349
Postal fees	250	1,595
Miscellaneous	5,771	9,848
Total management and general	34,910	40,976
Fundraising	6,718	5,275
Total supporting services	41,628	46,251
 Total expenses	 \$ 1,009,254	 \$ 1,064,484

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITORS' 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*

To the Board of Directors
Broussard Fire Department
Broussard, 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 Broussard Fire Department (a nonprofit organization), a component unit of the City of Broussard, Louisiana, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Broussard Fire Department's internal control over financial reporting (internal control) to determine the audit procedures 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 Broussard Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Broussard Fire Department's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Broussard Fire Department's, financial statements are free of 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*.

Broussard Fire Department's Response to Findings

Broussard Fire Department's response to the findings identified in our audit is described in the accompanying summary schedule of current year audit findings and management's corrective action plan. We did not audit Broussard Fire Department's response 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 purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

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

Lafayette, Louisiana
October 3, 2017

BROUSSARD FIRE DEPARTMENT

**Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2017**

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (6/30/17) --						
<u>Internal Control:</u>						
2017-001(IC)	2015	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Bryan Champagne, Fire Chief	N/A
2017-002(IC)	2015	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Bryan Champagne, Fire Chief	N/A

(continued)

BROUSSARD FIRE DEPARTMENT

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2017

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
PRIOR YEAR (6/30/16) --						
<u>Internal Control:</u>						
2016-001(IC)	2015	Due to the small number of employees, the Organization did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Bryan Champagne, Fire Chief	N/A
2016-002(IC)	2015	The Organization does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The Organization has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Bryan Champagne, Fire Chief	N/A

BROUSSARD FIRE DEPARTMENT

Broussard, Louisiana

Independent Accountants' Report on Applying
Agreed-Upon Procedures

Year Ended June 30, 2017

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

Retired:
Conrad O. Chapman, CPA* 2006

To the Board of Directors of the
Broussard Fire Department and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Broussard Fire Department (a nonprofit organization), a component unit of the City of Broussard, Louisiana, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Organization's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the Organization is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

The Organization did not have written policies and procedures to address the functions noted above.

- 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.

The Organization did not have written policies and procedures to address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving.

The Organization did not have written policies and procedures to address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits.

The Organization did not have written policies and procedures to address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

The Organization does not have payroll/personnel, therefore this procedure is not applicable.

- 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.

The Organization did not have written policies and procedures to address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

The Organization did not have written policies and procedures to address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Organization did not have written policies and procedures to address the functions noted above.

- 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. Note: Ethics requirements are not applicable to nonprofits.

The Organization is a nonprofit entity, therefore this procedure is not applicable.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Organization is a nonprofit entity, therefore this procedure is not applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least monthly.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not include or reference monthly budget-to-actual comparisons for the Organization for any of the 12 months examined.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Review of budget to actual comparisons did not disclose deficit spending during the fiscal period.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Obtained and reviewed the minutes of the managing board for the fiscal period noting that minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Obtained listing of client bank accounts from management and management's representation that listing is complete.

- 4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of board member review not present for all months for each of the three accounts selected.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months was present on one of the three accounts examined.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained listing of cash collection locations and management's representation that listing is complete. The Organization has one cash collection location.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

In the cash collection location selected for testing, the person responsible for collecting cash deposits the cash in the bank, recording the related transaction, and reconciling the bank account. There are no compensating controls performed by an outside party.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

There is no formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements. One day of cash collections was held for three business days prior to making a deposit. One day of cash collections was held for two business days prior to making a deposit.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Cash collections were not completely supported by documentation or other related collection documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

In all locations, there is no process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Listing of disbursements and management's representation that the listing is complete was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

There were no exceptions noted as a result of applying this procedure.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

There were no exceptions noted as a result of applying this procedure.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

There were no exceptions noted as a result of applying this procedure.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The Organization does not have written documentation that addresses the function above.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Organization does not have written documentation that addresses the function above.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Inquiry of management indicated that unused check stock is maintained in a locked location. It was noted that persons with signatory authority have system access to print checks, but that all checks require two original signatures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

There were no exceptions noted upon inquiry of authorized signers.

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

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

Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Listing was obtained and the Organization's sole credit card was selected for testing.

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements were obtained and address the functions noted above.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed on any of the cards selected.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

All transactions selected for testing had an original itemized receipt.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

All transactions selected for testing had documentation of the business/public purpose.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

All transactions selected for testing had all required documentation.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

The Organization does not have written purchasing/disbursement policies, therefore this procedure could not be performed. The Organization is a nonprofit entity and therefore is not subject to Louisiana Public Bid Law.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted as a result of applying this procedure.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete were obtained. During the fiscal year ending June 30, 2017, the Organization did not have any travel and related expense reimbursements.

- 18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

The Organization did not have written policies related to travel.

- 19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The Organization did not have travel and related expense reimbursements, therefore this procedure could not be applied.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

The Organization did not have travel and related expense reimbursements, therefore this procedure could not be applied.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

The Organization did not have travel and related expense reimbursements, therefore this procedure could not be applied.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

The Organization did not have travel and related expense reimbursements, therefore this procedure could not be applied.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

The Organization did not have travel and related expense reimbursements, therefore this procedure could not be applied.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The Organization did not have travel and related expense reimbursements, therefore this procedure could not be applied.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained. The Organization did not have any contracts in effect during the fiscal year ending June 30, 2017.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

The Organization did not have any contracts in effect, therefore this procedure could not be applied.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
The Organization did not have any contracts in effect, therefore this procedure could not be applied.
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
The Organization did not have any contracts in effect, therefore this procedure could not be applied.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
The Organization did not have any contracts in effect, therefore this procedure could not be applied.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
The Organization did not have any contracts in effect, therefore this procedure could not be applied.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).
The Organization did not have any contracts in effect, therefore this procedure could not be applied.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- The Organization does not have payroll and personnel, therefore this procedure is not applicable.*
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
This procedure is not applicable to the Organization.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
This procedure is not applicable to the Organization.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

This procedure is not applicable to the Organization.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

This procedure is not applicable to the Organization.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

This procedure is not applicable to the Organization.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

This procedure is not applicable to the Organization.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

This procedure is not applicable to the Organization.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

The Organization is a nonprofit entity, therefore ethics requirements are not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

The Organization is a nonprofit entity, therefore ethics requirements are not applicable.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

The Organization is a nonprofit entity, therefore this procedure is not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Organization is a nonprofit entity, therefore this procedure is not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

The Organization is a nonprofit entity, therefore this procedure is not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management has asserted that the Organization did not have any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Organization does not have the required notices posted on its premises and website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were observed or identified regarding management's representations in the procedures above.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Broussard Fire Department and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Lafayette, Louisiana
October 3, 2017