

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Financial Report

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S 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, 2019 and 2018, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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, 2019 and 2018 , and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, the Broussard Fire Department implemented the provisions of the Financial Accounting Standards Board's Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 14, 2019, 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, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 14, 2019

FINANCIAL STATEMENTS

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 204,083	\$ 199,014
Property and equipment, net	1,256,274	1,421,853
Total assets	\$ 1,460,357	\$1,620,867
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,517	\$ 7,659
Note payable	-	13,363
Deferred revenue	57,547	-
Total current liabilities	60,064	21,022
Net assets:		
Without donor restrictions	1,400,293	1,599,845
Total liabilities and net assets	\$ 1,460,357	\$1,620,867

The accompanying notes are an integral part of this statement.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Activities
Years Ended June 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions -		
Revenues:		
Contributions:		
In-kind contributions - City of Broussard	\$ 1,070,354	\$ 839,322
Contributed equipment - City of Broussard	22,958	131,573
Lafayette Consolidated Government	21,094	56,250
Miscellaneous donations	14,080	840
Total contributions without donor restrictions	1,128,486	1,027,985
Other revenues:		
Contract services	-	126,000
Lafayette Consolidated Government - fire insurance tax	57,478	62,753
Interest income	133	264
Fundraising	3,219	-
Total other revenues without donor restrictions	60,830	189,017
Total contributions and other revenues without donor restrictions	1,189,316	1,217,002
Expenses and losses:		
Program services -		
Fire fighting	1,319,576	1,133,958
Supporting services -		
Management and general	63,860	43,866
Fundraising	5,432	-
Total supporting services	69,292	43,866
Total expenses	1,388,868	1,177,824
Loss on disposition of assets	-	1,952
Total expenses and losses	1,388,868	1,179,776
Change in net assets without donor restrictions	(199,552)	37,226
Net assets, beginning of year	1,599,845	1,562,619
Net assets, end of year	\$ 1,400,293	\$ 1,599,845

The accompanying notes are an integral part of this statement.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

	2019	2018
Program services:		
Fire fighting -		
Auto expense	\$ 94,963	\$ 76,946
Dues and subscriptions	767	864
Insurance	95,321	73,131
Interest expense	500	2,210
Fire prevention	6,665	4,412
Office supplies	15,884	7,661
Group insurance	25,654	35,654
Salaries	608,954	455,687
Payroll taxes	46,142	33,998
Retirement	2,515	4,178
Repairs and maintenance	40,576	40,278
Rehab supplies	3,165	3,042
Station supplies	64,246	67,533
Uniforms	6,109	3,620
Training	1,734	3,735
Volunteer paid per call	73,297	79,377
Utilities and communication	34,580	41,381
Meals	3,479	4,560
Depreciation	<u>195,025</u>	<u>195,691</u>
Total program services	<u>1,319,576</u>	<u>1,133,958</u>
Supporting services:		
Management and general -		
Advertising	1,548	736
Professional fees	40,997	36,478
Postal fees	1,463	6
Miscellaneous	<u>19,852</u>	<u>6,646</u>
Total management and general	63,860	43,866
Fundraising	<u>5,432</u>	<u>-</u>
Total supporting services	<u>69,292</u>	<u>43,866</u>
Total expenses	<u>\$ 1,388,868</u>	<u>\$ 1,177,824</u>

The accompanying notes are an integral part of this statement.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (199,552)	\$ 37,226
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	195,025	195,691
Loss on disposition of assets	-	1,952
In-kind contributions	(22,958)	(131,573)
Increase (decrease) in accounts payable	(5,142)	6,092
Increase deferred revenue	57,547	-
Net cash provided by operating activities	24,920	109,388
 Cash flows from investing activities:		
Acquisition of property and equipment	(6,488)	(76,292)
 Cash flows from financing activities:		
Payment on note payable	(13,363)	(47,790)
Increase (decrease) in cash and cash equivalents	5,069	(14,694)
 Cash and cash equivalents, beginning of period	199,014	213,708
 Cash and cash equivalents, end of period	\$ 204,083	\$ 199,014
 Supplemental disclosure for the statement of cash flows:		
Cash paid for interest	\$ 500	\$ 2,210
Non-cash investing and financing activities:		
Equipment contributed from City of Broussard	\$ 22,958	\$ 131,573

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 financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

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

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

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

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

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.

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 \$1,548 and \$736 for the years ended June 30, 2019 and 2018, 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.

I. Reclassifications

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

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

The Organization's financial assets consisting of cash and cash equivalents available within one year for general use as of June 30, 2019 and 2018 are \$204,083 and \$199,014, respectively. In order to manage liquidity, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations.

(3) Property and Equipment

The following is a summary of property and equipment at June 30, 2019 and 2018:

	2019	2018
Land	\$ 30,000	\$ 30,000
Buildings and improvements	556,271	535,814
Equipment and vehicles	2,712,948	2,703,959
Total property and equipment	3,299,219	3,269,773
Less: Accumulated depreciation	(2,042,945)	(1,847,920)
Property and equipment, net	\$ 1,256,274	\$ 1,421,853

Depreciation expense charged to operations amounted to \$195,025 and \$195,691 for the years ended June 30, 2019 and 2018, respectively.

(4) Note Payable

The note payable to the bank, bearing interest at the rate of 2.96%, payable in three annual installments (principal and interest) of \$38,131, has a maturity date of July 1, 2019 and is secured by a fire truck with a book value of \$364,684 at June 30, 2018.

(5) Deferred Revenue

The Organization reports deferred revenue on the statement of financial position. Deferred revenues arise when the Organization receives resources before it has a legal claim to them. In subsequent periods, when the Organization has a legal claim to the resources, the liability for deferred revenue is removed from the statement of financial position and the revenue is recognized. The Organization had deferred revenue in the amount of \$57,547 and \$0 for the years ended June 30, 2019 and 2018, respectively. The deferred revenue resulted from the fire insurance tax rebate from Lafayette Consolidated Government which is for the fiscal year ended June 30, 2020.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

(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, 2019 and 2018, the Organization's cash balances were fully secured.

(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, 2019 and 2018, equipment in the amount of \$22,958 and \$131,573, 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, 2019 and 2018 in the amount of \$1,070,354 and \$839,322, respectively, were paid by the City for the following:

	2019	2018
Program services:		
Salaries and related benefits	\$ 683,265	\$ 529,517
Auto expense	94,962	76,454
Insurance	95,321	73,131
Supplies, repairs, and maintenance	92,888	78,507
Utilities and communication	34,580	41,381
Total program services	1,001,016	798,990
Supporting services - management and general		
Professional fees	50,888	36,478
Miscellaneous	18,450	3,854
Total supporting services - management and general	69,338	40,332
Total in-kind contributions	\$1,070,354	\$839,322

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

(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, 2019 and 2018, respectively, are as follows:

	2019	2018
Purpose:		
Salary	\$ 43,068	\$ 41,808
Benefits - insurance	7,822	14,973
Benefits - other	876	876
Cell phone reimbursements	300	-
Total	\$ 52,066	\$ 57,657

(10) New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, which will be effective for entities other than public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The ASU provides guidance for the classification of eight specific cash flow issues, with the objective of reducing existing diversity in practice on the cash flow statement. The effect of implementation of this update on the Organization's financial statements has not yet been determined.

The FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which will clarify how entities determine whether to account for a transfer of assets as an exchange transaction or a contribution and how the entities will determine whether a contribution is conditional. The amendments in this ASU will be effective for entities other than public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The effect of implementation of this update on the Organization's financial statements has not yet been determined.

(11) Change in Accounting Pronouncement

The Financial Accounting Standards Board issued Accounting Standards Update 2016-14 *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14) in August 2016. The Organization has changed the presentation of its financial statements accordingly, applying the changes retrospectively to beginning net assets presented. The new standard changed the following aspects of the Organization's financial statements: temporarily restricted net asset class has been changed to with donor restrictions; the unrestricted net asset class has been changed to net assets without donor restrictions; and the financial statements include a new disclosure relative to the liquidity and availability of resources.

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

Notes to Financial Statements (Continued)

The adoption of ASU 2016-14 had the following effect on previously reported net assets.

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted	\$ 547,405	\$ -
Temporarily restricted	1,052,440	-
Net assets without donor restrictions	<u>-</u>	<u>1,599,845</u>
	<u>\$ 1,599,845</u>	<u>\$ 1,599,845</u>

(12) Subsequent Events

The Organization has evaluated subsequent events through October 14, 2019, the date which the financial statements were made available.

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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To the Board of Directors
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, 2019, 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 14, 2019.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

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*.

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, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 14, 2019

BROUSSARD FIRE DEPARTMENT
Broussard, Louisiana

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

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

A. Compliance Findings –

There are no findings to report under this section.

B. Internal Control Findings –

There are no findings to report under this section.

Part II. Prior Year Findings

A. Compliance Findings –

There are no findings to report under this section.

B. Internal Control Findings –

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2015

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

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

CURRENT STATUS: Resolved

2018-002 Qualified Staff Person to Apply GAAP

Fiscal year finding initially occurred: 2015

CONDITION: The Organization did not have a staff person with the necessary qualifications and training to apply GAAP in recording their financial transactions or to prepare their financial statements and related notes.

RECOMMENDATION: The Organization should evaluate the cost-benefit of establishing internal controls over the preparation of the financial statements and related notes in accordance with GAAP.

CURRENT STATUS: Resolved

BROUSSARD FIRE DEPARTMENT

Broussard, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2019

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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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 (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation)
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements
- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Board or Finance Committee

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

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

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

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

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

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

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

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

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

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

Contracts

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

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

Payroll and Personnel

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

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
 - a) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

Ethics

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

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

Debt Service

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

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

Other

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

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

Exceptions:

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

Bank Reconciliations:

1. For one of three bank reconciliations tested, there was no evidence that management researched outstanding items in excess of 12 months from the statement closing date.

Management's response: Management concurs with this finding. All outstanding check recipients were contacted, and all recipients were re-issued checks. Management will continue to monitor items in excess of 12 months from the statement closing date.

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, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 14, 2019