



THOMPSON, DERRIG & CRAIG, P.C.
Certified Public Accountants

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Brazos County Emergency Services District No. 4
Kurten, TX

We have performed the procedures described in Schedule A, which were agreed to by Brazos County Emergency Services District No. 4 (the District) and the Brazos County Commissioners' Court (the specified parties), on the disbursements made with Brazos County tax funds recorded on the books and records of the District for the year ended September 30, 2018. Management of the District is responsible for the District's books and records. The sufficiency of these procedures is solely the responsibility of Brazos County Emergency Services District No. 4 and the Brazos County Commissioners' Court. Consequently, we make no representation regarding the sufficiency of the procedures referred to below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are described in Schedule A.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial statements of the District as of September 30, 2018. Accordingly, we do not express such an opinion or conclusion. 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 information and use of Brazos County Emergency Services District No. 4 and the Brazos County Commissioners' Court and is not intended to be and should not be used by anyone other than these specified parties.

THOMPSON, DERRIG & CRAIG, P.C.

February 15, 2019

Woody Thompson, CPA/CFP | Ronnie Craig, CPA | Dillard Leverkus, CPA | Lyn Kuciemba, CPA | James Larkin, CPA
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Tharmon Fox, CPA | Emily Hogan, CPA | Logan Kendrick, CPA | Esther Parra, CPA | A.J. Taylor, CPA | Marian Rose Varisco, CPA

Schedule A

Agreed-Upon Procedures

1. *Vouch every disbursement made with Emergency Service District (ESD) tax funds for the year ended September 30, 2018. Vouching consists of examining the invoice, statement or loan agreement supporting the disbursement. No canceled checks are available.*

We vouched total disbursements using tax funds recorded on the books and records of the Brazos County Emergency Services District No. 4 (the District) to supporting documentation as summarized below:

Loan payments	\$ 69,641
Professional fees and insurance	13,313
Training	4,011
Office/Administration	15,716
VFD #4 Quarterly	168,000
Equipment replacements	35,513
Capital improvements	32,159
	<u>\$ 338,353</u>

2. *Confirm all payments made by the District to the Brazos County Precinct 4 Volunteer Fire Department and compare the confirmation amount recorded in the books and records of the District.*

Disbursements made to Precinct 4 Volunteer Fire Department during the year ended September 30, 2018 and confirmed are summarized below.

Quarterly Operating Funding	\$ 168,000
Additional equipment requests	
Technology	4,265
Gloves	1,995
	<u>\$ 174,260</u>

3. *Confirm all tax payments received from the Brazos County tax office and compare the amounts listed to the books and records of the District.*

Total taxes received during the year ended September 30, 2018 were as follow:

Confirmed by Brazos County	
Tax Assessor Collector	\$ 497,325
Deposits in ESD bank account	<u>498,275</u>
Difference	<u>\$ 950</u>

4. *Verify that the ESD maintains a separate bank account, that the signers on the bank account are ESD board members and that monthly statements are received by someone other than the person responsible for recording the receipts and disbursement of the ESD. Verify that the bank statements are reconciled with the books of the ESD for each month of the fiscal year.*

We verified by inspection of bank statements that ESD #4 maintains a separate account for tax funds. Based on inquiry of the Treasurer, authorized signers are the President, Vice President and Treasurer and all checks require two signatures. We were not able to observe this since canceled checks are not returned with the bank statement. Based on inquiry of the Treasurer, the bank statement is viewed online by the Treasurer who reconciles the bank statement monthly. While there were no separate bank reconciliations in the records provided to us, a cash flow report is presented monthly to board based on inquiry of Treasurer and inspection of board minutes. All expenditures and checks are discussed and approved at board meetings. We agreed the beginning and ending cash balances on the cash flow report provided to the respective bank statements with the exception of two month ends where there were outstanding checks.

5. *Report any discrepancies noted. A discrepancy is described as any disbursement not supported by appropriate supporting documentation, any disbursement that does not appear to be in accordance with the approved budget or any payment received by the District that is not recorded properly in a timely manner.*

- The quarterly distributions to the Precinct 4 Volunteer Fire Department (VFD) were based on an initial budget provided by the VFD. Updated VFD budget to actual reports were not provided to the ESD in a timely manner. The ESD has identified this as unsatisfactory and is currently working with the VFD to improve their tracking of finances and ability to provide acceptable financial documentation. The ESD has hired an independent accountant to assist the VFD with recording disbursements and receipts in Quick Books software so that meaningful financial reports of VFD activities can be generated in a timely manner.
- There was a disbursement made for capital improvements at Station #1 for \$11,800 dated February 24, 2018. The check was payable to the father of the current fire chief of VFD and the support was a handwritten invoice with general description of service and a total amount. Upon inquiry of ESD Treasurer, the board did not seek bids for work, did not see a breakdown of costs but was aware of the relationship of the vendor to the chief and that he regularly did remodeling work in community. Based on an inspection of the minutes of board meetings, the board specified the work to be done, set a budget limit of \$20,000 and then inspected the work during construction and after it was completed.
- Based on inquiry of the Treasurer, there does not appear to be any other board members reviewing the bank statement other than the Treasurer. The Treasurer has indicated that he will begin to include a copy of the operating bank statement which will accompany his cash flow report as part of his monthly finance board report.