



**Required Auditor Disclosure Letter
Conclusion of Audit**

May 22, 2023

To the Board of Commissioners
of the Village Fire Department:

We have audited the financial statements of the governmental activities and each major fund of the Village Fire Department (the "Department") for the year ended December 31, 2022. Professional standards require that we provide the Board of Commissioners (the "governing body") with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter previously sent at the start of the annual audit. Professional standards also require that we communicate to the governing body the following information related to our audit.

I. Significant Audit Findings

1. Qualitative Aspects of Accounting Practices

- A. Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Department are described in the notes to the financial statements. We noted no transactions entered into by the Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
- B. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Estimates are used in the calculation of the pension liability and the required annual contribution. The Texas Municipal Retirement System (TMRS) hires a licensed actuary to make key assumptions and to perform calculations, as well as an independent auditor to review those assumptions and calculations. We evaluated the reasonableness of the employee data provided by the Department to TMRS.

Estimates are used in the calculation of the health care liability for other postemployment benefits. The Department hires a licensed actuary to perform the calculation. We evaluated the key factors and assumptions used to develop the liability in relation to the financial statements taken as a whole.

- C. The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of long-term liabilities in the financial statements is significant to financial statement users because it discloses the Department's long-term financial obligations.

2. Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

3. Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures. Management has corrected all misstatements.

4. Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

5. Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 22, 2023.

6. Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Department's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7. Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Department's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8. *Changes in Risk Assessment*

No changes in risk assessment were noted in the completion of the audit as previously communicated in our planning letter.

II. Other Matters

We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, as identified on the table of contents, which accompanies the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

III. Restrictions on Use

This information is intended solely for the use of the Board of Commissioners and management and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas

Client: *Village Fire Department*
 Engagement: *4.1 - Village Fire Dept 12/31/22*
 Period Ending: *12/31/2022*
 Trial Balance: *2.2.01 - TB*
 Workpaper: *2.5.05 - Adjusting Journal Entries Report*

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 2			
To adjust the ambulance billing fund			
01-35000	Billing Fee	659.21	
01-35000	Billing Fee	94,898.63	
01-38100	Transfer to General Fund	150,000.00	
01-34000	Emergency Medical Services Revenue		244,898.63
01-34910	Interest Income		659.21
Total		245,557.84	245,557.84
Adjusting Journal Entries JE # 3			
To reclass transfer.			
01-14100	Ambulance Fund Income	150,000.00	
01-18020	Transfer in from Ambulance Fund		150,000.00
Total		150,000.00	150,000.00
Adjusting Journal Entries JE # 4			
To accrue accounts payable			
02-25040	New Ambulance	54,000.00	
02-22010	Accounts Payable		54,000.00
Total		54,000.00	54,000.00
Adjusting Journal Entries JE # 5			
To record GASB 84 implementation			
992020	Insurance Payable Account	5,034.00	
995010	Insurance Premiums Distributed	1,784,821.00	
993010	Fund Balance		40,396.00
994010	Insurance Premiums Collected		1,749,395.00
994020	Interest Revenue		64.00
Total		1,789,855.00	1,789,855.00
Adjusting Journal Entries JE # 6			
To adjust retainage payable			
01-57130	Professional Services	6,425.18	
01-52020	Retainage Payable		6,425.18
Total		6,425.18	6,425.18