

ANNUAL FINANCIAL REPORT
BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

| <u>FINANCIAL SECTION</u> | <u>EXHIBIT</u> | <u>PAGE</u> |
|---|-----------------------|------------------------|
| <u>INDEPENDENT AUDITORS' REPORT</u> | | 1 – 4 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION:</u> | | |
| Management's Discussion and Analysis (Unaudited) | | 5 – 8 |
| <u>BASIC FINANCIAL STATEMENTS:</u> | | |
| GOVERNMENT-WIDE FINANCIAL STATEMENTS | | |
| Statement of Net Position | A | 9 |
| Statement of Activities | B | 10 |
| FUND FINANCIAL STATEMENTS | | |
| Governmental Funds: | | |
| Balance Sheet | C | 11 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | D | 12 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | E | 13 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | F | 14 |
| NOTES TO FINANCIAL STATEMENTS | | 15 – 24 |
| <u>OTHER SUPPLEMENTARY INFORMATION</u> | | <u>SCHEDULE</u> |
| Schedule of Compensation, Benefits, and Other Payments to Agency Head | A-1 | 25 |
| <u>OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS</u> | | |
| 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 <i>Government Auditing Standards</i> | | 26 – 27 |
| Schedule of Findings and Responses | | 28 |
| Summary Schedule of Prior Year Findings | | 29 |
| Management's Corrective Action Plans | | 30 |



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
Bayou Gauche, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Bayou Gauche Volunteer Fire Department, Inc., as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the Bayou Gauche Volunteer Fire Department, Inc.'s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Bayou Gauche Volunteer Fire Department, Inc., as of December 31, 2021, and the respective changes in financial position in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bayou Gauche Volunteer Fire Department, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
November 19, 2022

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bayou Gauche Volunteer Fire Department, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Bayou Gauche Volunteer Fire Department, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bayou Gauche Volunteer Fire Department, Inc.'s ability to continue as December 31, 2021 a going concern for a reasonable period of time.



To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
November 19, 2022

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bayou Gauche Volunteer Fire Department, Inc.'s basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
November 19, 2022

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2022, on our consideration of Bayou Gauche Volunteer Fire Department, Inc.'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 solely 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 effectiveness of Bayou Gauche Volunteer Fire Department, Inc.'s 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 Bayou Gauche Volunteer Fire Department, Inc.'s internal control over financial reporting and compliance.

November 19, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
BAYOU GAUCHE, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

This section of the Bayou Gauche Volunteer Fire Department, Inc.’s (the Fire Department) annual financial report presents management’s analysis of the Fire Department’s financial performance for the year ended December 31, 2021. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

1. The Fire Department’s net position increased by \$117,262.
2. The general revenues of the Fire Department were \$414,832.
3. The total expenses of the Fire Department were \$297,570.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections: Management’s Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the Fire Department report information about the Fire Department using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Fire Department.

The Statement of Net Position presents information that includes all of the Fire Department’s assets and liabilities with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Fire Department as a whole is improving or deteriorating.

The Statement of Activities presents information on how the Fire Department’s net position changed as a result of current period operations.

The following presents condensed financial information of the Fire Department.

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2021 AND 2020

| | <u>ASSETS</u> | |
|---|------------------------------------|------------------------------------|
| | <u>December 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
| Current assets | \$ 230,716 | \$ 451,281 |
| Capital assets, net of accumulated depreciation | <u>1,957,686</u> | <u>1,273,318</u> |
| Total assets | <u>\$ 2,188,402</u> | <u>\$ 1,724,599</u> |

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
BAYOU GAUCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

LIABILITIES

| | <u>December 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|---------------------|------------------------------------|------------------------------------|
| Current liabilities | \$ <u>671,855</u> | \$ <u>325,314</u> |
| Total liabilities | \$ <u>671,855</u> | \$ <u>325,314</u> |

NET POSITION

| | | |
|----------------------------------|---------------------|---------------------|
| Net investment in capital assets | \$ 1,285,831 | \$ 1,273,318 |
| Restricted for fire protection | <u>230,716</u> | <u>125,967</u> |
| Total net position | \$ <u>1,516,547</u> | \$ <u>1,399,285</u> |

Total assets increased by \$463,803 (26.9%) primarily due to increase in capital assets.

Total liabilities increased by \$346,541 due to short-term debt related to capital assets.

Total net position increased by \$117,262 as a result of operations.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>December 31,</u> <u>2021</u> | <u>December 31,</u> <u>2020</u> |
|---------------------------------|------------------------------------|------------------------------------|
| General revenues | \$ 414,832 | \$ 386,289 |
| Public safety – fire protection | <u>(297,570)</u> | <u>(317,972)</u> |
| Change in net position | \$ <u>117,262</u> | \$ <u>68,317</u> |
| Ending net position | \$ <u>1,516,547</u> | \$ <u>1,399,285</u> |

The change in net position increased by \$48,945 as a result of operations.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
BAYOU GAUCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

CAPITAL ASSETS

Following is a schedule of capital assets, net of accumulated depreciation:

| | December 31, 2021 | December 31, 2020 |
|--------------------------------|-------------------------|-------------------------|
| Land | \$ 24,000 | \$ 24,000 |
| Construction in progress | 1,591,661 | 820,353 |
| Buildings and improvements | 406,777 | 406,777 |
| Land improvements | 24,863 | 24,863 |
| Furniture and fixtures | 4,470 | 4,470 |
| Equipment | 533,884 | 522,922 |
| Vehicles | <u>1,383,849</u> | <u>1,383,849</u> |
| Total | 3,969,504 | 3,187,234 |
| Less: accumulated depreciation | <u>(2,011,818)</u> | <u>(1,913,916)</u> |
| Total capital assets, net | <u>\$ 1,957,686</u> | <u>\$ 1,273,318</u> |

The major additions to capital assets during 2021 consisted of construction in progress related to a new station.

SHORT-TERM DEBT

At December 31, 2021, the Fire Department has \$636,255 in the form of a construction loan with First National Bank USA. The Fire Department made scheduled debt payments of \$820 during the year.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The Fire Department expects to continue to be funded through sales tax and ad valorem revenues remitted to it by St. Charles Parish. In the fourth quarter of 2018, the ad valorem tax was renewed by the citizens of St. Charles Parish, extending the appropriation through 2030. The Fire Department also applies for grants for assistance in purchasing fire-fighting supplies. The Fire Department's fleet and some of its equipment are aging and the Fire Department expects its costs in maintenance and fire supplies to continue to rise.

The Fire Department is currently building a new storage building and renovating its fire station to increase its ability to respond in emergencies. The Fire Department is committed to providing the highest level of emergency response to the citizens of Bayou Gauche.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
BAYOU GAUCHE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021

CONTACTING THE FIRE DEPARTMENT'S MANAGEMENT

This report is designed to provide a general overview of the Fire Department and to demonstrate the Fire Department's accountability for its finances. If you have any questions about this report or need additional information, please contact Mr. Silas Poteet, Bayou Gauche Volunteer Fire Department, Inc., 410 1st Street, Des Allemands, Louisiana 70030.

BASIC FINANCIAL STATEMENTS

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

ASSETS:

| | |
|---|----------------------|
| Cash | \$ 203,757 |
| Due from Parish | 9,420 |
| Prepaid expenses | 17,539 |
| Capital assets, net of accumulated depreciation | <u>1,957,686</u> |
| Total assets | <u>2,188,402</u> |

LIABILITIES:

| | |
|------------------------------|--------------------|
| Retainage payable | 35,600 |
| Short-term construction loan | <u>636,255</u> |
| Total liabilities | <u>671,855</u> |

NET POSITION:

| | |
|----------------------------------|-------------------------|
| Net investment in capital assets | 1,285,831 |
| Restricted for fire protection | <u>230,716</u> |
| Total net position | <u>\$ 1,516,547</u> |

The accompanying notes are an integral part of this statement

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

FUNCTIONS/PROGRAMS**GOVERNMENTAL ACTIVITIES:**

| | |
|--|-------------------|
| Public safety - fire protection | \$ <u>297,570</u> |
| Net (expense) from governmental activities | <u>(297,570)</u> |

GENERAL REVENUES:

| | |
|--------------------------|----------------------------|
| Sales tax - 1/8 percent | 116,459 |
| Ad valorem tax | 289,506 |
| Fire insurance rebate | 8,608 |
| Other revenues | <u>259</u> |
| Total general revenues | <u>414,832</u> |
| Change in net position | 117,262 |
| Net position - beginning | <u>1,399,285</u> |
| Net position - ending | <u><u>\$ 1,516,547</u></u> |

The accompanying notes are an integral part of this statement

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.

BALANCE SHEET

AS OF DECEMBER 31, 2021**ASSETS:**

| | | |
|------------------|----|-----------------------|
| Cash | \$ | 203,757 |
| Due from Parish | | 9,420 |
| Prepaid expenses | | <u>17,539</u> |
| Total assets | \$ | <u><u>230,716</u></u> |

LIABILITIES:

| | | |
|------------------------------|----|----------------|
| Retainage payable | \$ | 35,600 |
| Short-term construction loan | | <u>636,255</u> |
| Total liabilities | | <u>671,855</u> |

FUND BALANCE:

| | | |
|------------------------------------|----|-----------------------|
| Nonspendable: prepaid expenses | | 17,539 |
| Unassigned | | <u>(458,678)</u> |
| Total fund balance | | <u>(441,139)</u> |
| Total liabilities and fund balance | \$ | <u><u>230,716</u></u> |

The accompanying notes are an integral part of this statement

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

| | | |
|---|----|-----------|
| Fund balance - total governmental fund | \$ | (441,139) |
| <p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p> | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | 1,957,686 |
| Net position of governmental activities | \$ | 1,516,547 |

The accompanying notes are an integral part of this statement

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES:

| | |
|-------------------------|--------------------|
| Sales tax - 1/8 percent | \$ 116,459 |
| Ad valorem tax | 289,506 |
| Fire insurance rebate | 8,608 |
| Other revenues | <u>259</u> |
| Total revenues | <u>414,832</u> |

EXPENDITURES:

Current for fire protection:

Utilities:

| | |
|----------------------------|--------|
| Electricity, water and gas | 22,030 |
|----------------------------|--------|

Equipment:

| | |
|-------------|--------|
| Maintenance | 33,173 |
| Fuel | 3,469 |

Buildings:

| | |
|-------------|--------|
| Insurance | 36,435 |
| Maintenance | 21,574 |
| Supplies | 3,641 |
| Rent | 23,446 |

Personnel:

| | |
|-----------|-------|
| Insurance | 4,250 |
| Training | 3,290 |

Firefighting expenditures:

| | |
|------------------------|-------|
| Fire fighting supplies | 2,591 |
|------------------------|-------|

Miscellaneous:

| | |
|------------------------|--------------|
| Professional services | 14,900 |
| Office expenses | 7,536 |
| Meetings and other | 3,465 |
| Dues and subscriptions | <u>3,911</u> |

| | |
|----------------------------|---------|
| Total current expenditures | 183,711 |
|----------------------------|---------|

| | |
|-----------------|----------------|
| Capital outlays | <u>782,270</u> |
|-----------------|----------------|

Debt service:

| | |
|------------------|---------------|
| Interest expense | <u>15,957</u> |
|------------------|---------------|

| | |
|--------------------|---------------|
| Total debt service | <u>15,957</u> |
|--------------------|---------------|

| | |
|--------------------|----------------|
| Total expenditures | <u>981,938</u> |
|--------------------|----------------|

| | |
|----------------------------|-----------|
| Net change in fund balance | (567,106) |
|----------------------------|-----------|

| | |
|--------------------------|----------------|
| Fund balance - beginning | <u>125,967</u> |
|--------------------------|----------------|

| | |
|-----------------------|---------------------|
| Fund balance - ending | <u>\$ (441,139)</u> |
|-----------------------|---------------------|

The accompanying notes are an integral part of this statement

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

| | |
|--|-----------|
| Net change in fund balance - governmental fund | (567,106) |
|--|-----------|

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$782,270 exceeded depreciation expense of \$97,902 in the current period.

684,368

| | |
|---|-------------------|
| Change in net position of governmental activities | \$ <u>117,262</u> |
|---|-------------------|

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Bayou Gauche Volunteer Fire Department, Inc. (Fire Department) receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. However, the Fire Department is a "primary government" and is not included as a component unit of any other St. Charles Parish governmental "reporting entity" as defined in GASB pronouncements, since the entity is a non-profit corporation, and the board members have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Fire Department includes all activities that are controlled by it as a quasi-public non-profit corporation organized to provide fire protection to the Parish of St. Charles. The Fire Department has no component units.

The accounting and reporting policies of the Fire Department conform to generally accepted accounting principles as applicable to governmental units.

Basis of Presentation

The Fire Department's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Fire Department are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Basic Financial Statements - Government-Wide Financial Statements

The Fire Department's basic financial statements include both government-wide (reporting the Fire Department as a whole) and fund financial statements (reporting the Fire Department's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Fire Department's fire protection activities and related general administrative services are classified as governmental activities. The Fire Department does not have any business-type activities.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statements - Government-Wide Financial Statements (continued)

In the government-wide Statement of Net Position (Exhibit A), the governmental activities column is presented on a consolidated basis and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and liabilities. The Fire Department's net position is reported in two parts – net investment in capital assets and restricted for fire protection.

The government-wide Statement of Activities (Exhibit B) reports both gross and net cost of the Fire Department's function. The function is supported by general government revenues (primarily 1/8 percent sales tax and ad valorem tax). The Fire Department does not receive related program revenues and operating grants which would reduce gross expenses in the Statement of Activities.

This government-wide focus is on the sustainability of the Fire Department as an entity and the change in the Fire Department's net position resulting from current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Fire Department are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures. The Fire Department's current operations require the use of only the following fund type:

Governmental Fund:

The focus of the governmental fund's measurement (in the fund statement) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. In general, fund balance represents the accumulated expendable resources, which may be used to finance future operations of the Fire Department.

General Fund

The General Fund is the principal fund of the Fire Department and is used to account for the operations of the Fire Department. General revenues are accounted for in this fund. General operating expenditures are paid from this fund.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The Fire Department records are maintained on the cash basis of accounting. However, the General Fund reported in the accompanying financial statements has been converted to a modified accrual basis of accounting utilizing the following practices in recording revenues and expenditures:

Revenues

Sales taxes are recorded in the month the taxes are collected by the St. Charles Parish School Board. Sales taxes become payable to the St. Charles Parish School Board on the first day of the month and become delinquent on the 20th day of the month following incurrence of the taxes by businesses.

An ad valorem issue is dedicated to the operations of the nine volunteer fire departments in St. Charles Parish. The tax millage expires in 2030. Each fire department is to receive one ninth of annual collections. Taxes levied in November each year are available for expenditures in the subsequent year.

Interest income on investments is recorded when the investments have matured and income is available. All other revenues are recorded when received.

All other revenues are recorded when received

The majority of the Fire Department's revenues are derived from the one-eighth of one percent sales tax and the ad valorem tax for operations.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Cash

The Fire Department is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, and the laws of the United States. The Fire Department may also invest in time certificates of deposit with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The Fire Department does not have a policy for custodial credit risk; however, under state law, these deposits must be secured by the fiscal agent bank. The market value of such pledged securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Fire Department or its agent in the Fire Department's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the Fire Department's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agent but not in the Fire Department's name, and deposits which are uninsured or uncollateralized.

At December 31, 2021, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

| | <u>Bank Balances of Deposits Category</u> | | | |
|------|---|-------------|-------------|-------------------------|
| | <u>1</u> | <u>2</u> | <u>3</u> | <u>Bank Balance</u> |
| Cash | <u>\$ 216,424</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 216,424</u> |

Budgets and Budgetary Accounting

The Fire Department prepares a budget for its General Fund which is approved by its board of directors. Budgets are not, however, legally adopted nor required in the basic financial statement presentation.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Fire Department maintains a threshold level of \$1,000 or more for recording capital assets. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are recorded in the Statement of Net Position and depreciation is recorded in the Statement of Activities. Since surplus assets are sold for an immaterial amount or scrapped when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|-----------------------------------|--------------------|
| Equipment, | 5 - 15 years |
| Fire protection vehicles | 5 - 15 years |
| Fire stations and other buildings | 10 - 40 years |
| Furniture and fixtures | 5 - 15 years |

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the fund upon acquisition.

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

- c. Unrestricted net position – net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance or resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision-making authority.
- e. Unassigned – amounts not included in other classifications.

The Board of Directors, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance, the Board of Directors authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the Fire Department's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the Fire Department's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Fire Department is exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. It is exempt from Louisiana income tax under the authority of R.S. 47:121(7). The Fire Department's evaluation as of December 31, 2021 revealed no tax positions that would have a material impact on the financial statements. The 2018 through 2020 tax years remain subject to examination by the IRS. The Fire Department does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Date of Management Review

Management has evaluated subsequent events through November 19, 2022, the date which the financial statements were available to be issued.

(2) SALES TAX REVENUE

Effective March 1, 1980, sales tax in the amount of one-eighth of one percent is collected by the St. Charles Parish School Board and administered by the Parish President. The sales tax is to be used for fire protection of the Parish of St. Charles. The funds are distributed monthly by the Parish President to the individual fire departments of the St. Charles Firemen's Association, Inc.

As of December 31, 2021, the sales tax is distributed on the following basis:

| | <u>Monthly Basis</u> | <u>Remaining Funds 1/1/20-12/31/21</u> |
|--|--------------------------|--|
| Bayou Gauche Volunteer Fire Dept., Inc. | \$ 2,500 | 3.78 % |
| Des Allemands Volunteer Fire Dept., Inc. | \$ 2,500 | 4.10 % |
| East Side St. Charles Volunteer Fire Dept., Inc. | \$ 2,500 | 22.72 % |
| Hahnville Volunteer Fire Dept., Inc. | \$ 2,500 | 7.00 % |
| Killona Volunteer Fire Dept., Inc. | \$ 2,500 | 1.47 % |
| Luling Volunteer Fire Dept., Inc. | \$ 2,500 | 30.85 % |
| Norco Area Volunteer Fire Dept., Inc. | \$ 2,500 | 9.81 % |
| Paradis Volunteer Fire Dept., Inc. | \$ 2,500 | 4.93 % |
| St. Rose Volunteer Fire Dept., Inc. | \$ 2,500 | 15.34 % |

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(3) DUE FROM ST. CHARLES PARISH

Revenue receivable at December 31, 2021 consists of the Fire Department's share of the 1/8th percent sales tax for the month of November 2021, collected on or before December 20, 2021, by the St. Charles Parish School Board and remitted by St. Charles Parish in January 2022. An allowance for uncollectible receivables is not recorded by the Fire Department because it considers all receivables collectible at December 31, 2021.

(4) CAPITAL ASSETS

| | <u>Balance</u> <u>01/01/20</u> | <u>Additions</u> <u>2021</u> | <u>Retirements</u> <u>2021</u> | <u>Balance</u> <u>12/31/21</u> |
|--|-----------------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 24,000 | \$ - | \$ - | \$ 24,000 |
| Construction in progress | <u>820,353</u> | <u>771,308</u> | <u>-</u> | <u>1,591,661</u> |
| Total capital assets not being depreciated | <u>844,353</u> | <u>771,308</u> | <u>-</u> | <u>1,615,661</u> |
| Capital assets being depreciated: | | | | |
| Fire protection vehicles | 1,383,849 | - | - | 1,383,849 |
| Equipment | 522,922 | 10,962 | - | 533,884 |
| Furniture and fixtures | 4,470 | - | - | 4,470 |
| Land improvements | 24,863 | - | - | 24,863 |
| Buildings | <u>406,777</u> | <u>-</u> | <u>-</u> | <u>406,777</u> |
| Total capital assets being depreciated | <u>2,342,881</u> | <u>10,962</u> | <u>-</u> | <u>2,353,843</u> |
| Less: accumulated depreciation | <u>(1,913,916)</u> | <u>(97,902)</u> | <u>-</u> | <u>(2,011,818)</u> |
| Total capital assets being depreciated, net | <u>428,965</u> | <u>(86,940)</u> | <u>-</u> | <u>342,025</u> |
| Total capital assets, net | <u>\$ 1,273,318</u> | <u>\$ 684,368</u> | <u>\$ -</u> | <u>\$ 1,957,686</u> |

Depreciation expense for the year ended December 31, 2021 was \$97,902.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(5) SHORT-TERM DEBT

| | <u>Balance</u> | | <u>Balance</u> | <u>Due Within</u> |
|-------------------------|-------------------|------------------|-------------------|-------------------|
| | <u>01/01/2021</u> | <u>Additions</u> | <u>Deductions</u> | <u>12/31/2021</u> |
| | | | | <u>One Year</u> |
| First National Bank USA | \$ - | \$ 637,075 | \$ (820) | \$ 636,255 |
| | | | | \$ 636,255 |

On April 16, 2021 the Fire Department entered into temporary financing obtained from First National Bank USA for public costs associated with the renovation project at the Fire Department’s fire station. The Fire Department was allowed to draw in the financing up to \$800,000. All outstanding principal is due in one lump-sum payment on the maturity date of October 16, 2022. Interest is due monthly at a rate of 3.99%. Financing is secured by the building. Interest costs incurred and charged to expense for the year ended December 31, 2021 was \$15,957. As of November 2022, the Fire Department was in negotiations with First National Bank USA to convert the short-term financing to a term loan. As of October 16, 2022, the loan with First National Bank USA matured. The loan total in the amount of \$799,183 is being converted into a term-loan over 20 years with monthly installments of approximately \$5,300. Interest is at 4.99% fixed for 4-years, and at Wall Street Prime plus 1% adjusted every 4-years thereafter. The loan is collateralized by the property.

(6) DEFICIT FUND BALANCE

A deficit unassigned fund balance of \$458,678 exists in the general fund. The deficit results from construction of the new fire station. It is expected that future ad valorem and sales taxes will provide positive fund balance.

(7) RISK MANAGEMENT

The Fire Department is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to firemen; and natural disasters. The Fire Department carries commercial insurance in amounts sufficient to insure itself against claims resulting from any of those risks.

(8) CONSTRUCTION COMMITMENT

During the year ended December 31, 2016, the Fire Department entered into a contract for architectural services related to a renovation project at its fire station. As of the December 31, 2021, \$494 was remaining on the contract. During the year ended December 31, 2019, the Fire Department signed a construction contract for the construction services related to this renovation in the amount of \$1,405,945. Requested change orders total \$119,888 bringing the construction contract total to \$1,525,833. As of December 31, 2021, \$28,768 was remaining on the contract.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(9) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 87, “*Leases*.” The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The GASB issued Statement No. 95 “*Postponement of the Effective Dates of Certain Authoritative Guidance*” which has deferred the effective date of Statement No. 87 and Implementation Guide No. 2019-3 by 18 months to fiscal years beginning after June 15, 2021. The Fire Department plans to adopt these Statements as applicable by the effective date.

OTHER SUPPLEMENTARY INFORMATION

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Fire Chief Casey Hogan</u> |
|---|--|
| No compensation, benefits, and other payments in 2021 | \$ <u><u> -</u></u> |
| Total compensation, benefits, and other payments | \$ <u><u> -</u></u> |

**OTHER REPORT REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



**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 of the
Bayou Gauche Volunteer Fire Department, Inc.
Des Allemands, Louisiana 70030

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 governmental activities and each major fund of Bayou Gauche Volunteer Fire Department, Inc. as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Bayou Gauche Volunteer Fire Department, Inc.'s basic financial statements and have issued our report thereon dated November 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayou Gauche Volunteer Fire Department, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bayou Gauche Volunteer Fire Department, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Bayou Gauche Volunteer Fire Department, Inc.'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be material weaknesses.



To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
November 19, 2022

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bayou Gauche Volunteer Fire Department, Inc.'s financial statements are free from 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 financial statements. 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*.

Bayou Gauche Volunteer Fire Department's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Bayou Gauche Volunteer Fire Department's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Bayou Gauche Volunteer Fire Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

November 19, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I SUMMARY OF AUDIT RESULTS

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of Bayou Gauche Volunteer Fire Department, Inc.
2. One material weakness in internal control relating to the audit of the financial statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements were reported in the 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*.
4. A management letter was issued for the year ended December 31, 2021.

SECTION II FINANCIAL STATEMENTS FINDINGS

2021-001 Unrecorded Debt

Criteria: Per GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, all debt except that of fiduciary funds and similar component units should be reported on the accrual basis in the government-wide financial statements. In the government-wide statement of net position, debt should be reported in two components—the amount due within one year and the amount due in more than one year.

Condition: During our audit, we noted that the Fire Department did not have a material short-term loan and related expenditures for the construction of the new firehouse recorded.

Effect: The Fire Department's internal financial statements submitted to St. Charles Parish could be misleading to the users of the financial statements.

Cause: The Fire Department is comprised of volunteers and must contract out its bookkeeping to outside accountants. This arrangement does not always lend itself to the timely sharing of information between parties.

Recommendation: The Board of Directors should put policies and procedures into place to ensure that required debt activity is recorded appropriately in its accounting system

Views of Responsible Officials: Management agrees with the finding and will implement procedures to become compliant with the applicable GASBs. See Management's Corrective Action Plan for further information.

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I – FINANCIAL STATEMENTS FINDINGS

2020-001 Non-Compliance with Louisiana Laws Governing Public Funds

It was discovered the Fire Department failed to deposit sales tax collections and ad valorem checks from St. Charles Parish in a timely, often taking weeks to deposit. This issue has been resolved and is not repeated as a finding for 2021.

SECTION II – MANAGEMENT LETTER ITEMS

2020-002 Review of Credit Cards

Currently, the treasurer reviews credit card statements but does not document approval of the statements. We recommend that the Fire Department begin to have a person who does not hold or use the credit cards review credit card statements and sign off on them. Doing so would take little additional time and might even prevent time from being wasted by inadvertent review of statements that had already been reviewed.

This issue has not been fully resolved and is repeated as a Management Letter item as management letter item number 2021-001.

**BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S CORRECTIVE ACTION PLAN-FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

November 19, 2022

Louisiana Legislative Auditor

Bayou Gauche Volunteer Fire Department, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Jeremy J. Thibodeaux

Audit Period: 01/01/2021 to 12/31/2021

The finding from the December 31, 2021 Schedule of Findings and Responses is discussed below. The finding is numbered consistently with the numbers assigned in the Schedule of Findings and Responses.

SECTION II FINANCIAL STATEMENT FINDINGS

2021-001 Unrecorded Debt

Recommendation: The Board of Directors should put policies and procedures into place to ensure that required debt activity is recorded appropriately in its accounting system.

Response: Management agrees with the recommendation and will develop policies and procedures to ensure that debt activity is properly recorded in its accounting system.

If there are any questions regarding this plan, please call Fire Chief Silas Poteet at (985) 758-7405.

Sincerely,



Signature

RONALD E JACOB JR

Title



MANAGEMENT LETTER

To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
Des Allemands, Louisiana

In planning and performing our audit of the financial statements of Bayou Gauche Volunteer Fire Department, Inc. (the Fire Department), as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the Fire Department's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire Department's internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiencies. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated November 19, 2022, on the financial statements of Bayou Gauche Volunteer Fire Department, Inc.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Bayou Gauche Volunteer Fire Department, Inc. personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matters, or to assist you in implementing the recommendations. Our comment is summarized as follows:

2021-002 Credit Card Policy

The Fire Department is inconsistently following its established credit cards policies. Not all purchases examined contained a receipt supporting the purchase, contained documentation of business purpose, or signature of approval. We recommend that the Fire Department revisit its established policy to adjust where necessary to ensure consistent enforcement.

2021-003 Review of Records Retention Policy

During our audit, it was frequently noted that the Fire Department could not locate when needed accounting records. This could present problems when documents are needed in support of tax returns and other reports subject to audit by us or other governmental agencies. Therefore, we recommend that the Fire Department reevaluate current retention policies to make sure that it complies with current federal and state laws and regulations.



To the Board of Directors of the
Bayou Gauche Volunteer Fire Department, Inc.
November 19, 2022
Page 2

This communication is intended solely for the information and use of the board of directors and others within Bayou Gauche Volunteer Fire Department, Inc., and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

November 19, 2022
New Orleans, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

BAYOU GAUCHE VOLUNTEER FIRE DEPARTMENT, INC.
MANAGEMENT'S CORRECTIVE ACTION PLANS – MANAGEMENT LETTER ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2021

November 19, 2022

Louisiana Legislative Auditor

Bayou Gauche Volunteer Fire Department, Inc. respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm:

Ericksen Krentel LLP
4227 Canal Street
New Orleans, Louisiana 70119
Contact: Jeremy J. Thibodeaux

Audit Period: 01/01/2021 to 12/31/2021

The comment from the December 31, 2021 management letter is discussed below. The comment is numbered consistently with the numbers assigned in the management letter.

SECTION III MANAGEMENT LETTER ITEMS

2021-002 Credit Card Policy

Recommendation: We recommend that the Fire Department revisit its established policy to adjust where necessary to ensure consistent enforcement.

Response: The Fire Department agrees with the recommendation and will revisit its established policy and adjust where necessary to ensure consistent enforcement.

2021-003 Review of Records Retention Policy

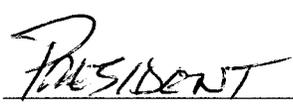
Recommendation: We recommend that the Fire Department revisit its established policy to adjust where necessary to ensure compliance with current federal and state laws and regulations.

Response: The Fire Department agrees with the recommendation and will revisit its established policy and adjust where necessary to ensure consistent compliance.

If there are any questions regarding this plan, please call Fire Chief Silas Poteet at (985) 758-7405.

Sincerely,


Signature
RONALD E JACOB JR


Title