

VILLAGE OF MERMENTAU, LOUISIANA

Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Darla Istre, Mayor
and Members of the Board of Aldermen
Village of Mermentau, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Mermentau, Louisiana (the Village), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village'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, the business-type activities, and each major fund of the Village, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, 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.

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 Village'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.

Auditor's 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 the Village'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 the Village's ability to continue as a going concern for a reasonable period of time.

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 required supplementary information as listed in the table on contents 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.

The Village has omitted management's discussion and analysis that the accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 justice system funding schedules, the schedule of agency head compensation, schedule of compensation paid to board of aldermen, and the schedule of revenues and expenditures – LCDGB program are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the comparative departmental analysis of operating revenues and expenses – enterprise fund, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurances thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Village’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 the Village’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 Village’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 5, 2023

BASIC FINANCIAL STATEMENTS

**GOVERNMENT – WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF MERMENTAU, LOUISIANA

Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 837,923	\$ 367,753	\$ 1,205,676
Receivables, net	12,331	11,291	23,622
Internal balances	8,443	(8,443)	-
Due from other governmental units	20,822	171,494	192,316
Total current assets	<u>879,519</u>	<u>542,095</u>	<u>1,421,614</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	-	55,758	55,758
Capital assets -			
Non-depreciable	19,987	771,717	791,704
Depreciable, net	<u>772,743</u>	<u>1,854,852</u>	<u>2,627,595</u>
Total noncurrent assets	<u>792,730</u>	<u>2,682,327</u>	<u>3,475,057</u>
Total assets	<u>1,672,249</u>	<u>3,224,422</u>	<u>4,896,671</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	5,572	2,000	7,572
Customers' deposits	-	20,055	20,055
Contracts payable	-	136,286	136,286
Retainage payable	-	35,208	35,208
Bonds payable	-	32,000	32,000
Accrued interest payable	-	5,626	5,626
Total current liabilities	<u>5,572</u>	<u>231,175</u>	<u>236,747</u>
Noncurrent liabilities:			
Bonds payable	<u>-</u>	<u>431,327</u>	<u>431,327</u>
Total liabilities	<u>5,572</u>	<u>662,502</u>	<u>668,074</u>
NET POSITION			
Net investment in capital assets	792,730	1,991,748	2,784,478
Restricted for sales tax dedications	398,871	-	398,871
Restricted for debt service	-	30,077	30,077
Unrestricted	<u>475,076</u>	<u>540,094</u>	<u>1,015,170</u>
Total net position	<u>\$ 1,666,677</u>	<u>\$ 2,561,919</u>	<u>\$ 4,228,596</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENAU, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2023

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 75,988	\$ 45,701	\$ -	\$ -	\$ (30,287)	\$ -	\$ (30,287)
Public safety	26,277	22,613	-	-	(3,664)	-	(3,664)
Public works	159,559	-	-	-	(159,559)	-	(159,559)
Culture and recreation	1,967	-	-	-	(1,967)	-	(1,967)
Total governmental activities	<u>263,791</u>	<u>68,314</u>	<u>-</u>	<u>-</u>	<u>(195,477)</u>	<u>-</u>	<u>(195,477)</u>
Business-type activities:							
Water	161,166	86,342	116,508	736,428	-	778,112	778,112
Sewer	<u>157,461</u>	<u>54,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,633)</u>	<u>(102,633)</u>
Total business-type activities	<u>318,627</u>	<u>141,170</u>	<u>116,508</u>	<u>736,428</u>	<u>-</u>	<u>675,479</u>	<u>675,479</u>
Total	<u>\$ 582,418</u>	<u>\$ 209,484</u>	<u>\$ 116,508</u>	<u>\$ 736,428</u>	<u>(195,477)</u>	<u>675,479</u>	<u>480,002</u>
General revenues:							
Taxes -							
Ad valorem taxes					36,540	38,864	75,404
Sales and use taxes, levied for general purposes					136,769	-	136,769
Franchise taxes					85,784	-	85,784
Grants and contributions not restricted to specific programs -							
State sources					534	-	534
Grant income					83,508	-	83,508
Interest					688	431	1,119
Miscellaneous					19,190	11,642	30,832
Transfers					<u>(19,469)</u>	<u>19,469</u>	<u>-</u>
Total general revenues and transfers					<u>343,544</u>	<u>70,406</u>	<u>413,950</u>
Change in net position					148,067	745,885	893,952
Net position - beginning					<u>1,518,610</u>	<u>1,816,034</u>	<u>3,334,644</u>
Net position - ending					<u>\$ 1,666,677</u>	<u>\$ 2,561,919</u>	<u>\$ 4,228,596</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

VILLAGE OF MERMENTAU, LOUISIANA

Balance Sheet
 Governmental Funds
 June 30, 2023

	<u>General</u>	<u>Sales Tax</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 459,874	\$ 378,049	\$ 837,923
Franchise fees receivable	630	-	630
Due from other governmental units	-	20,822	20,822
Due from other funds	8,443	-	8,443
Other receivables	11,701	-	11,701
Total assets	<u>\$ 480,648</u>	<u>\$ 398,871</u>	<u>\$ 879,519</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,884	\$ -	\$ 2,884
Other liabilities	2,688	-	2,688
Total liabilities	<u>5,572</u>	<u>-</u>	<u>5,572</u>
Fund balances:			
Restricted	-	398,871	398,871
Unassigned	475,076	-	475,076
Total fund balances	<u>475,076</u>	<u>398,871</u>	<u>873,947</u>
Total liabilities and fund balances	<u>\$ 480,648</u>	<u>\$ 398,871</u>	<u>\$ 879,519</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds	\$ 873,947
Capital assets, net	<u>792,730</u>
Total net position of governmental activities	<u>\$ 1,666,677</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2023

	<u>General</u>	<u>Sales Tax</u>	<u>Total</u>
Revenues:			
Taxes	\$ 122,324	\$ 136,769	\$ 259,093
Licenses and permits	45,701	-	45,701
State grants and contributions	83,508	-	83,508
Intergovernmental revenues	534	-	534
Fines and forfeits	22,613	-	22,613
Miscellaneous	19,878	-	19,878
Total revenues	<u>294,558</u>	<u>136,769</u>	<u>431,327</u>
Expenditures:			
Current -			
General government	54,580	12,660	67,240
Public safety	25,877	-	25,877
Public works	104,251	-	104,251
Culture and recreation	1,511	-	1,511
Capital outlay	72,008	-	72,008
Total expenditures	<u>258,227</u>	<u>12,660</u>	<u>270,887</u>
Excess of revenues over expenditures	<u>36,331</u>	<u>124,109</u>	<u>160,440</u>
Other financing sources (uses):			
Transfers in	52,822	-	52,822
Transfers out	-	(72,291)	(72,291)
Total other financing sources (uses)	<u>52,822</u>	<u>(72,291)</u>	<u>(19,469)</u>
Net changes in fund balances	89,153	51,818	140,971
Fund balances, beginning	<u>385,923</u>	<u>347,053</u>	<u>732,976</u>
Fund balances, ending	<u>\$ 475,076</u>	<u>\$ 398,871</u>	<u>\$ 873,947</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

Net changes in fund balances of governmental funds		\$ 140,971
Capital Assets:		
Capital additions	\$ 72,008	
Depreciation expense	<u>(64,912)</u>	<u>7,096</u>
Total changes in net position of governmental activities		<u>\$ 148,067</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2023

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 367,753
Receivables -	
Accounts, net	3,639
Unbilled utility receivables	7,652
Due from other governments	<u>171,494</u>
Total current assets	<u>550,538</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	55,758
Capital assets -	
Non-depreciable	771,717
Depreciable, net	<u>1,854,852</u>
Total noncurrent assets	<u>2,682,327</u>
Total assets	<u>3,232,865</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,000
Due to other funds	8,443
Contracts payable	136,286
Retainage payable	35,208
Payable from restricted assets -	
Customers' deposits	20,055
Bonds payable	32,000
Accrued interest payable	<u>5,626</u>
Total current liabilities	239,618
Noncurrent liabilities:	
Bonds payable	<u>431,327</u>
Total liabilities	<u>670,945</u>
NET POSITION	
Net investment in capital assets	1,991,748
Restricted for debt service	30,077
Unrestricted	<u>540,095</u>
Total net position	<u>\$ 2,561,920</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 Year Ended June 30, 2023

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water sales	\$ 86,342
Sewer service charge	54,828
Other	<u>11,642</u>
Total operating revenues	<u>152,812</u>
Operating expenses:	
Salaries	61,824
Payroll taxes	5,555
Chemicals and supplies	31,663
Utilities	22,200
Repairs and maintenance	52,737
Legal and professional	28,047
Insurance	15,306
Office supplies and expense	2,526
Depreciation	71,610
Other	<u>11,016</u>
Total operating expenses	<u>302,484</u>
Operating loss	<u>(149,672)</u>
Nonoperating revenues (expenses):	
Ad valorem taxes	38,864
Grant income	852,936
Interest income	432
Interest expense	<u>(16,143)</u>
Total nonoperating revenues (expenses)	<u>876,089</u>
Income before transfers	726,417
Transfers in	66,291
Transfers out	<u>(46,822)</u>
Total transfers	<u>19,469</u>
Change in net position	745,886
Net position, beginning	<u>1,816,034</u>
Net position, ending	<u>\$ 2,561,920</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENEAU, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2023

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 138,742
Payments to suppliers	(167,040)
Payments to employees	(67,379)
Other receipts	<u>11,642</u>
Net cash used by operating activities	<u>(84,035)</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	66,291
Transfers to other funds	(46,822)
Ad valorem taxes	<u>38,864</u>
Net cash provided by noncapital financing activities	<u>58,333</u>
Cash flows from capital and related financing activities:	
Capital contribution	681,442
Principal paid on revenue bonds payable	(31,000)
Interest and fiscal charges paid on debt	(16,519)
Acquisition of property, plant and equipment	<u>(593,941)</u>
Net cash provided by capital and related financing activities	<u>39,982</u>
Cash flows from investing activities:	
Proceeds of interest-bearing deposits with maturity in excess of ninety days	88,391
Purchase of interest-bearing deposits with maturity in excess of ninety days	(98,577)
Interest on investments	<u>432</u>
Net cash used by investing activities	<u>(9,754)</u>
Net increase in cash and cash equivalents	4,526
Cash and cash equivalents, beginning of period	<u>320,408</u>
Cash and cash equivalents, end of period	<u>\$ 324,934</u>

(continued)

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Statement of Cash Flows (Continued)
 Proprietary Fund
 Year Ended June 30, 2023

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Operating loss	\$ (149,672)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	71,610
(Increase) decrease in current assets:	
Accounts receivables, net	6,071
Unbilled utility receivables	(6,854)
Increase (decrease) in current liabilities:	
Accounts payable	(3,545)
Customer deposits	<u>(1,645)</u>
Total adjustments	<u>65,637</u>
Net cash used by operating activities	<u>\$ (84,035)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits - unrestricted	\$ 373,968
Cash and interest-bearing deposits - restricted	34,831
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(88,391)</u>
Total cash and cash equivalents	<u>320,408</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits - unrestricted	367,753
Cash and interest-bearing deposits - restricted	55,758
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(98,577)</u>
Total cash and cash equivalents	<u>324,934</u>
Net increase in cash and cash equivalents	<u>\$ 4,526</u>

The accompanying notes are an integral part of the basic financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to governmental units. GAAP included all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Mermentau (Village) was incorporated June 1, 1899, under the provisions of the Lawrason Act. The Village operates under the Mayor-Board of Aldermen form of government and provides the following services to its residents as authorized by its charter: public safety (police), highways and streets, recreation, public improvements, and general administrative services. The Village also operates one enterprise activity, which provides water and sewer services.

This report includes all funds that are controlled by or dependent on the Village executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Village was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, there are no organizations or agencies which should be included in these basic financial statements as component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Village, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village's governmental activities. Direct expenses are those that are specifically associated with a program or function and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Village.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The Village reports the following major governmental funds -

General Fund - This is the general operating fund of the Village. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Sales Tax Fund – This is used to account for the collection and disbursement of the Villages 1% sales and use tax levies. These taxes are dedicated as described in Note 12.

The Village reports the following major proprietary funds -

Utility Fund – This fund accounts for the provision of water and sewerage services for the residents of the Village. All activities necessary to provide such services are accounted for in this fund, but not limited to, administration, operations, maintenance, billing and collection.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$0. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated acquisition value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to October 1, 2002, some governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	8 - 41 years
Improvements, other than buildings	30 years
Machinery and equipment	3 - 15 years
Infrastructure	20 years
Water utility system	5 - 50 years
Sewer utility system	7 - 50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of the general obligation bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Village employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. In addition, the Village does not grant sick leave to its employees. Therefore, no provision for compensated absences has been made in the financial statements.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

Equity Classifications

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

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Village's debt. Restricted net position is reduced by liabilities related to the restricted 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. The government-wide statement of net position reports \$428,948 of restricted net position, of which \$398,871 is restricted by enabling legislation.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two components and is available for general use by the Village.

In the fund statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in 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 constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village's Mayor and Board or Aldermen, which is the highest level of decision-making authority for the Village.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes determined by a formal decision of the Village's Mayor and Board of Aldermen.
- e. Unassigned – all other spendable amounts.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village has provided otherwise in their commitment or assignment actions.

Proprietary (Utility) fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

The Village has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 12
Water and sewer revenue	Debt service and utility operations

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

The Village uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

The preparation of financial statements in conformity with 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.

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may 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, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered. The Village does not have a policy for custodial credit risk; however, under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) were secured as follows:

Bank balances	<u>\$ 1,267,690</u>
Deposits are secured as follows:	
Federal deposit insurance	\$ 445,998
Uninsured and collateral held by the pledging bank, not in the Village's name	<u>821,692</u>
Total	<u>\$ 1,267,690</u>

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Acadia Parish. Village property tax revenues are budgeted in the year billed.

Taxes of 24.05 mills were dedicated as follows:

Governmental activities –

Property taxes of 11.63 mills were levied for general corporate purposes

Business type activities –

Property taxes of 12.42 mills were levied for debt service.

(4) Receivables

Receivables consisted of the following:

	<u>General</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ 11,701	\$ 11,291	\$ 22,992
Franchise tax	<u>630</u>	<u>-</u>	<u>630</u>
Totals	<u>\$ 12,331</u>	<u>\$ 11,291</u>	<u>\$ 23,622</u>

(5) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following:

Customers' deposits	\$ 20,055
Bond debt service	<u>35,703</u>
Total	<u>\$ 55,758</u>

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

(6) Capital Assets

Capital asset activity was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,987	\$ -	\$ -	\$ 19,987
Capital assets being depreciated:				
Buildings and improvements	99,658	-	-	99,658
Land improvements	406,319	-	-	406,319
Machinery and equipment	272,841	72,008	-	344,849
Infrastructure	<u>1,050,382</u>	<u>-</u>	<u>-</u>	<u>1,050,382</u>
Total capital assets being depreciated	<u>1,829,200</u>	<u>72,008</u>	<u>-</u>	<u>1,901,208</u>
Less accumulated depreciation:				
Buildings and improvements	72,186	2,905	-	75,091
Land improvements	150,728	13,690	-	164,418
Machinery and equipment	232,453	17,821	-	250,274
Infrastructure	<u>608,186</u>	<u>30,496</u>	<u>-</u>	<u>638,682</u>
Total accumulated depreciation	<u>1,063,553</u>	<u>64,912</u>	<u>-</u>	<u>1,128,465</u>
Total assets being depreciated, net	<u>765,647</u>	<u>7,096</u>	<u>-</u>	<u>772,743</u>
Governmental activities, capital assets, net	<u>\$ 785,634</u>	<u>\$ 7,096</u>	<u>\$ -</u>	<u>\$ 792,730</u>

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 22,082	\$ -	\$ -	\$ 22,082
Construction in progress	-	749,635	-	749,635
Total capital assets not being depreciated	<u>22,082</u>	<u>749,635</u>	<u>-</u>	<u>771,717</u>
Capital assets being depreciated:				
Water utility system	362,577	15,800	-	378,377
Sewer utility system	3,120,239	-	-	3,120,239
Machinery and equipment	44,566	-	-	44,566
Total capital assets being depreciated	<u>3,527,382</u>	<u>15,800</u>	<u>-</u>	<u>3,543,182</u>
Less accumulated depreciation				
Water utility system	306,313	3,816	-	310,129
Sewer utility system	1,266,380	67,506	-	1,333,886
Machinery and equipment	44,027	288	-	44,315
Total accumulated depreciation	<u>1,616,720</u>	<u>71,610</u>	<u>-</u>	<u>1,688,330</u>
Total assets being depreciated, net	<u>1,910,662</u>	<u>(55,810)</u>	<u>-</u>	<u>1,854,852</u>
Business-type activities, capital assets, net	<u>\$ 1,932,744</u>	<u>\$ 693,825</u>	<u>\$ -</u>	<u>\$ 2,626,569</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 8,748
Public safety	400
Public works	55,308
Culture and recreation	456
Total depreciation expense	<u>\$ 64,912</u>

Depreciation expense was charged to business-type activities as follows:

Water	\$ 3,816
Sewer	67,794
Total depreciation expense	<u>\$ 71,610</u>

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

(7) Accounts and Other Payables

The accounts and other payables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 2,884	\$ 2,000	\$ 4,884
Other liabilities	<u>2,688</u>	<u>-</u>	<u>2,688</u>
Totals	<u>\$ 5,572</u>	<u>\$ 2,000</u>	<u>\$ 7,572</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
<u>Business-type activities:</u>					
Direct placements and direct borrowings:					
General obligation bonds	<u>\$ 494,327</u>	<u>\$ -</u>	<u>\$ 31,000</u>	<u>\$ 463,327</u>	<u>\$ 32,000</u>

Long-term debt outstanding is as follows:

\$672,327 Taxable General Obligation Bonds, Series 2014, sold to Louisiana Drinking Water Revolving Loan Fund, due in annual installments of \$29,000 to \$46,327 through August 1, 2034; interest rate of 2.45% payable from utility system revenues. \$ 463,327

Through June 30, 2023, cumulative draws of \$960,467 were made on the State Revolving Loan Fund of which 30%, or \$288,140, is the cumulative amount of debt forgiveness that has been recorded as grant revenue in the Utility Fund in prior years.

In the event of default on the above bonds, the bondholder may take actions as deemed necessary and appropriate as permitted by law to cause the Village to comply with its obligations under the debt and compel performance.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

The annual debt service requirements to maturity for long-term debt are as follows:

Year Ending June 30	Business-type Activities		
	Principal Payments	Interest Payments	Totals
2024	\$ 32,000	\$ 13,196	\$ 45,196
2025	33,000	12,237	45,237
2026	34,000	11,249	45,249
2027	35,000	10,231	45,231
2028	36,000	9,184	45,184
2029 - 2033	202,000	28,752	230,752
2034 - 2035	91,327	2,713	94,040
	<u>\$ 463,327</u>	<u>\$ 87,562</u>	<u>\$ 550,889</u>

Total interest incurred and expensed for the proprietary fund and the business-type activities was \$16,143.

(11) Contingencies

The Village operates a Sanitary Wastewater Disposal System under a NPEDS permit. The NPEDS permit and State permit under which the discharge is regulated has been the subject of scrutiny by the Environmental Protection Agency (EPA) and the Department of Environmental Quality. The Village is under an Administrative Order to upgrade its facility in order to comply with the permit and the expected more stringent permit discharges. The Village has been cited for past violations and a compliance order was issued. The Village has completed the building and rehabilitation of the sewer pond and the addition of a marsh/rockweed filter to achieve those limits. The Village continues to make efforts to comply with the permit limitations for discharge and to maintain the plant in accordance with those standards. During fiscal year 2010, the Village began a sewer rehabilitation project that is being funded via a Louisiana Community Development Block Grant. While the Village is making efforts to resolve the violations detailed in the Administrative Order, the EPA is authorized to assess appropriate penalties if the violations are not corrected. As of June 30, 2023, the Village has not been assessed any such penalties.

In the normal course of operations, the Village receives grant funds from various Federal and State agencies. The grant programs are subject to audits by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

(12) Dedication of Proceeds and Flow of Funds - Sales and Use Taxes

Proceeds of the 1979 1% sales and use tax are accounted for in the Sales Tax Fund as are dedicated to the following purposes:

1. Defraying the cost of improving, maintaining, and operating the Fire Department of the Village,
2. Defraying the cost of improving and maintaining the streets and thoroughfares of the Village,
3. Defraying the cost of improving, maintaining, and operating the Drainage System of the Village,
4. Defraying the cost of improving, operating, and maintaining the Waterworks System of the Village, and
5. Defraying the cost of improving, operating, and maintaining the Sewerage System of the Village.

(13) Risk Management

The Village is exposed to risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(14) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds -		
General Fund	\$ 8,443	\$ -
Proprietary Fund -		
Utility Fund	-	8,443
Total	<u>\$ 8,443</u>	<u>\$ 8,443</u>

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year; therefore, causing balances as noted above. These balances are expected to be paid within the next fiscal year.

VILLAGE OF MERMENTAU, LOUISIANA

Notes to Basic Financial Statements

B. Interfund transfers

Interfund transfers consisted of the following:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds -		
General Fund	\$ 52,822	\$ -
Sales Tax Fund	-	72,291
Proprietary Fund -		
Utility Fund	<u>66,291</u>	<u>46,822</u>
Total	<u>\$ 119,113</u>	<u>\$ 119,113</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF MERMENTAU, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 105,500	\$ 107,800	\$ 122,324	\$ 14,524
Licenses and permits	35,600	30,600	45,701	15,101
Intergovernmental revenues	2,500	6,900	534	(6,366)
Fines and forfeits	16,500	15,000	22,613	7,613
Grant income	-	-	83,508	83,508
Miscellaneous	8,500	92,500	19,878	(72,622)
Total revenues	<u>168,600</u>	<u>252,800</u>	<u>294,558</u>	<u>41,758</u>
Expenditures:				
Current -				
General government	61,200	58,900	54,580	4,320
Public safety	24,050	27,050	25,877	1,173
Public works	99,990	112,350	104,251	8,099
Culture and recreation	1,100	1,550	1,511	39
Capital outlay	1,000	76,000	72,008	3,992
Total expenditures	<u>187,340</u>	<u>275,850</u>	<u>258,227</u>	<u>17,623</u>
Excess (deficiency) of revenues over expenditures	(18,740)	(23,050)	36,331	59,381
Transfers in	<u>15,000</u>	<u>19,406</u>	<u>52,822</u>	<u>33,416</u>
Net change in fund balance	(3,740)	(3,644)	89,153	92,797
Fund balance, beginning	<u>385,923</u>	<u>385,923</u>	<u>385,923</u>	<u>-</u>
Fund balance, ending	<u>\$ 382,183</u>	<u>\$ 382,279</u>	<u>\$ 475,076</u>	<u>\$ 92,797</u>

VILLAGE OF MERMENTAU, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales taxes	\$ 80,000	\$ 80,000	\$ 136,769	\$ 56,769
Expenditures:				
Current -				
General government	39,850	33,800	12,660	21,140
Capital outlay	-	36,224	-	36,224
Total expenditures	39,850	70,024	12,660	57,364
Excess of revenues over expenditures	40,150	9,976	124,109	77,909
Transfers out	(28,500)	(7,060)	(72,291)	(65,231)
Net change in fund balance	11,650	2,916	51,818	12,678
Fund balance, beginning	347,053	347,053	347,053	-
Fund balance, ending	\$ 358,703	\$ 349,969	\$ 398,871	\$ 12,678

VILLAGE OF MERMENTAU, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

The Village follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 15, the Village Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

SUPPLEMENTARY INFORMATION

VILLAGE OF MERMENTAU, LOUISIANA

Justice System Funding Schedule
 Collecting/Disbursing Entity
 For the Year Ended June 30, 2023

	First Six Month Period Ended <u>12/31/2022</u>	Second Six Month Period Ended <u>06/30/2023</u>
Beginning Balance of Amounts Collected	\$ 202	\$ 971
Add: Collections		
Criminal Fines - Other	<u>4,081</u>	<u>18,532</u>
Less: Disbursements To Governments & Nonprofits:		
Acadiana Crime Lab - Criminal Court Cost	400	2,090
La. Dept. of Health & Hospitals - Criminal Court Cost	40	250
La. Supreme Court - Criminal Court Cost	7	39
La. Commission on Law Enforcement-Criminal Court Cost	31	156
Acadia Crime Stoppers	26	154
CMIS	13	77
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines - Other	<u>2,795</u>	<u>16,443</u>
Subtotal Disbursements/Retainage	<u>3,312</u>	<u>19,209</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 971</u>	<u>\$ 294</u>

VILLAGE OF MERMENTAU, LOUISIANA

Schedule of Agency Head Compensation
Year Ended June 30, 2023

Schedule of Benefits to Darla Istre, Mayor

Salary

\$ 720

VILLAGE OF MERMENTAU, LOUISIANA

Schedule of Compensation Paid to Board of Aldermen
Year Ended June 30, 2023

Aldermen:

Todd Boudreaux	\$ 360
Jonathan LeJeune (September 2021 - present)	360
Dinah Istre (September 2021 - present)	<u>360</u>
Total	<u>\$ 1,080</u>

VILLAGE OF MERMENTAU, LOUISIANA

Schedule of Revenues and Expenditures - LCDBG Program
For the Year Ended June 30, 2023

Revenues:	
LCDBG program	<u>\$ 736,428</u>
Expenditures:	
Engineering services	32,263
Project construction	<u>704,165</u>
Total expenditures	<u>736,428</u>
Excess of revenues over expenditures	<u>\$ -</u>

* Activity is reported in the enterprise fund

VILLAGE OF MERMENEAU, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 2023 and 2022

	Totals		Water		Sewer	
	2023	2022	2023	2022	2023	2022
Operating revenue:						
Charges for services	\$ 141,170	\$ 134,723	\$ 86,342	\$ 82,974	\$ 54,828	\$ 51,749
Other	<u>11,642</u>	<u>6,715</u>	<u>7,120</u>	<u>4,136</u>	<u>4,522</u>	<u>2,579</u>
Total operating revenues	<u>152,812</u>	<u>141,438</u>	<u>93,462</u>	<u>87,110</u>	<u>59,350</u>	<u>54,328</u>
Operating expenses:						
Salaries	61,824	56,007	37,812	34,494	24,012	21,513
Payroll taxes	5,555	5,331	3,398	3,283	2,157	2,048
Chemical and supplies	31,663	12,906	19,366	7,949	12,297	4,957
Depreciation	71,610	70,206	3,816	2,413	67,794	67,793
Utilities and telephone	22,200	18,424	13,578	11,347	8,622	7,077
Repairs and maintenance	52,737	5,395	32,255	3,323	20,482	2,072
Office supplies and expense	2,526	2,378	1,545	1,465	981	913
Legal and professional	28,047	27,253	17,154	16,785	10,893	10,468
Insurance	15,306	17,782	9,361	10,952	5,945	6,830
Other	<u>11,016</u>	<u>14,040</u>	<u>6,738</u>	<u>8,647</u>	<u>4,278</u>	<u>5,393</u>
Total operating expenses	<u>302,484</u>	<u>229,722</u>	<u>145,023</u>	<u>100,658</u>	<u>157,461</u>	<u>129,064</u>
Operating income (loss)	<u>\$ (149,672)</u>	<u>\$ (88,284)</u>	<u>\$ (51,561)</u>	<u>\$ (13,548)</u>	<u>\$ (98,111)</u>	<u>\$ (74,736)</u>

**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*

The Honorable Darla Istre, Mayor
and Members of the Board of Aldermen
Village of Mermentau, 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 governmental activities, the business-type activities, and each major fund of the Village of Mermentau (the Village), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 5, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 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*.

The Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village'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. Although the intended use of this report may be limited, 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

Abbeville, Louisiana
December 5, 2023

VILLAGE OF MERMENTAU, LOUISIANA

Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan
Year Ended June 30, 2023

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

A. Internal Control Over Financial Reporting

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Village did not have adequate segregation of functions within the accounting function.

CRITERIA: Committee of Sponsoring Organizations (COSO) *Internal Control – Integrated Framework* and the Louisiana Legislative Auditor's *Governmental Auditing Guide*.

CAUSE: The Village does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTION ACTION PLAN: We evaluated the cost vs. benefit of fully segregating accounting functions and determined that it would not be cost effective to fully segregate these functions. We evaluated our processes, and to the extent practicable with our current staffing level, have reassigned duties and functions and have created compensating controls. While this may not be sufficient to eliminate this finding, we feel that we have taken appropriate steps to reduce the financial statement risk caused by inadequate segregation of accounting functions.

VILLAGE OF MERMENTAU, LOUISIANA

Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2023

2023-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Village's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statement, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition is the result from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTION ACTION PLAN: We evaluated the cost vs. benefit of establishing controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

B. Compliance and other matters

None reported.

VILLAGE OF MERMENTAU, LOUISIANA

Schedule of Current and Prior Year Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 2023

Part II. Prior Year Findings:

A. Internal Control Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

CONDITION: The Village did not have adequate segregation of functions within the accounting function.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See item 2023-001.

2022-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: Unresolved. See item 2023-002.

B. Compliance and other matters

None reported.

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MANAGEMENT LETTER

The Honorable Darla Istre, Mayor
and Members of the Board of Aldermen
Village of Mermentau, Louisiana

We have completed our audit of the basic financial statements of the Village of Mermentau, Louisiana for the year ended June 30, 2023, and submit the following recommendation for your consideration:

The Water and Sewer Utility Fund experienced operating losses of \$51,561 and \$98,111 respectively during the current year. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff for the courtesy and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendation, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 5, 2023

VILLAGE OF MERMENTAU, LOUISIANA

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2022 through June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Darla Istre
Village of Mermentau
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Village of Mermentau's (the Village) management is responsible for those C/C areas identified in the SAUPs.

The Village has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether 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, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.
- 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 (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to 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) **Information Technology 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.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Board or Finance Committee

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) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include 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 (excluding EFTs)

4. Obtain 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. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe 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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select 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.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe 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 and the cash is stored securely in a locked safe or drawer).
- e) Trace 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. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 - 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe 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.
- [Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - a. Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
 - 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

[Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.]

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

- 12. Obtain 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. Obtain management's representation that the listing is complete.

13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:
 - a) Observe 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 (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

15. 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, observe that the approved reimbursement rate is no more than 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, observe 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

16. 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 and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).

- 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

17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Ethics

21. Using the 5 randomly selected 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 entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S 42:1170.

Debt Service

23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.
24. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Fraud Notice

25. 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 as required by R.S. 24:523.
26. 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.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Sexual Harassment

29. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of procedures list above with the exception of:

Policies and Procedures:

The Village does not have policies regarding documentation required to be maintained for all bids and price quotes.

The Village does not have policies and procedures addressing contracting.

The Village does not have policies and procedures addressing allowable expenses or dollar thresholds by category of expense for travel and expense reimbursements.

The Village does not have policies and procedures addressing debt service.

The Village does not have policies and procedures addressing periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, or identification of personnel, processes, and tools needed to recover operations after a critical event.

The Village does not have policies and procedures addressing sexual harassment reporting.

Bank Reconciliations:

There is no evidence that the bank reconciliations for the General Fund Account are being prepared within two months of the closing date.

Cash Collections:

The employee responsible for collecting cash is also responsible for making bank deposits.

The employee responsible for collecting cash is also responsible for posting general ledger entries.

The employee responsible for collecting cash is also responsible for reconciling cash collections to the general ledger.

The Village did not make deposits within one business day of collection for payments made to the General Fund.

Disbursements:

One of the employees who is an authorized signor of checks also processes payments.

Information Technology Disaster Recovery/Business Continuity:

The entity's most recent backup of its critical data did not occur within the past week.

The entity did not perform a test/verification of data restoration.

The entity does not have antivirus software on its computers.

Sexual Harassment:

Sexual harassment report was not prepared on or before February 1.

Management's Response:

Management of the Village concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
December 5, 2023