

VILLAGE OF FLORIEN, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, 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, each major fund, each major fund, and the aggregate remaining fund information of the Village of Florien, Louisiana, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Florien, Louisiana'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, each major fund, and the aggregate remaining fund information of the Village of Florien, Louisiana, as of September 30, 2022, 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 of 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 of the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Florien, Louisiana 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 of our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Florien, Louisiana'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 opinion. 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 of Florien, Louisiana'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 of Florien, Louisiana'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 management's discussion and analysis, budgetary comparison information, schedule of the Village's proportionate share of the net pension liability, and schedule of the Village's pension contributions on pages 33 - 36 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 the 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 inquires 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 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. Our opinion on the basic financial statements is not affected by this missing information.

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Florien, Louisiana's basic financial statements. The accompanying schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, justice system funding schedule – collecting/dispersing entity and the justice system funding schedule – receiving entity are 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, justice system funding schedule – collecting/dispersing entity and the justice system funding schedule – receiving entity 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 introductory and statistical sections 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 assurance 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 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 March 25, 2023, on our consideration of the Village of Florien, Louisiana'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 of Florien, Louisiana'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 the Village of Florien, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
March 25, 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position
September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 202,409	\$ 39,443	\$ 241,852
Investments	8,576	159,140	167,716
Receivables:			
Franchise taxes	2,946	-	2,946
Sales taxes	20,547	-	20,547
State maintenance contract	3,560	-	3,560
Accounts	-	62,120	62,120
Occupational license	643	-	643
Restitution	12,727	-	12,727
Employees	1,762	-	1,762
Others	2,654	-	2,654
Due from other funds	8,408	-	8,408
Restricted assets - cash	59,135	-	59,135
Capital assets not being depreciated	108,361	61,300	169,661
Capital assets being depreciated - net	1,814,011	2,331,912	4,145,923
Total assets	<u>\$ 2,245,739</u>	<u>\$ 2,653,915</u>	<u>\$ 4,899,654</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>\$ 150,474</u>	<u>\$ -</u>	<u>\$ 150,474</u>
Total assets and deferred outflows of resources	<u>\$ 2,396,213</u>	<u>\$ 2,653,915</u>	<u>\$ 5,050,128</u>
LIABILITIES			
Accounts payable	\$ 15,880	\$ 9,595	\$ 25,475
Payroll withholdings payable	5,011	498	5,509
Retirement payable	6,602	-	6,602
Due to other funds	-	8,408	8,408
Long term debt:			
Due within one year	20,546	-	20,546
Due in more than one year	41,230	-	41,230
Net pension liability	235,929	-	235,929
Customer deposits	25	24,156	24,181
Total liabilities	<u>\$ 325,223</u>	<u>\$ 42,657</u>	<u>\$ 367,880</u>
DEFERRED INFLOWS OF RESOURCES			
Pensions	\$ 3,708	\$ -	\$ 3,708
Deferred franchise tax revenue	37,333	-	37,333
Total deferred inflows of resources	<u>\$ 41,041</u>	<u>\$ -</u>	<u>\$ 41,041</u>
Total liabilities and deferred inflows of resources	<u>\$ 366,264</u>	<u>\$ 42,657</u>	<u>\$ 408,921</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
September 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
NET POSITION			
Net investment in capital assets	\$ 1,860,596	\$ 2,393,212	\$ 4,253,808
Restricted for:			
Sales tax dedications	86,671	-	86,671
Unrestricted	82,682	218,046	300,728
Total net position	<u>\$ 2,029,949</u>	<u>\$ 2,611,258</u>	<u>\$ 4,641,207</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,396,213</u>	<u>\$ 2,653,915</u>	<u>\$ 5,050,128</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended September 30, 2022

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Fees, Fines and Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government and administration	\$ 209,712	\$ 214	\$ -	\$ 180	\$ (209,318)	\$ -	\$ (209,318)
Public safety	326,018	219,319	500	500	(105,699)	-	(105,699)
Public works	257,254	95,872	6,648	12,528	(142,206)	-	(142,206)
Recreation	8,901	-	-	-	(8,901)	-	(8,901)
Total governmental activities	<u>\$ 801,885</u>	<u>\$ 315,405</u>	<u>\$ 7,148</u>	<u>\$ 13,208</u>	<u>\$ (466,124)</u>	<u>\$ -</u>	<u>\$ (466,124)</u>
Business-type activities:							
Water and sewer	\$ 296,587	\$ 232,853	\$ -	\$ 74,061	\$ -	\$ 10,327	\$ 10,327
Total government	<u>\$ 1,098,472</u>	<u>\$ 548,258</u>	<u>\$ 7,148</u>	<u>\$ 87,269</u>	<u>\$ (466,124)</u>	<u>\$ 10,327</u>	<u>\$ (455,797)</u>
General revenues:							
Taxes:							
Ad valorem taxes					\$ 76,219	\$ -	\$ 76,219
Sales taxes					260,827	-	260,827
Franchise tax					32,716	-	32,716
Occupational licenses and permits					35,292	-	35,292
Investment earnings					116	1,208	1,324
Rental income					5,350	-	5,350
Nonemployer pension revenue					5,134	-	5,134
Insurance proceeds					15,994	-	15,994
Sale of assets					13,045	100	13,145
Miscellaneous					-	620	620
Refunds					3,997	-	3,997
Transfers in					25,839	-	25,839
Transfers out					-	(25,839)	(25,839)
Total general revenues and transfers					<u>\$ 474,529</u>	<u>\$ (23,911)</u>	<u>\$ 450,618</u>
Change in net position					\$ 8,405	\$ (13,584)	\$ (5,179)
Net position at beginning of year					2,021,544	2,624,842	4,646,386
Net position at end of year					<u>\$ 2,029,949</u>	<u>\$ 2,611,258</u>	<u>\$ 4,641,207</u>

The accompanying notes are an integral part of this statement.

Balance Sheet
 Governmental Funds
 September 30, 2022

	General	Major Fund Special Revenue Fund Sales Tax Fund	Total Governmental Funds
ASSETS			
Cash	\$ 202,409	\$ -	\$ 202,409
Investments	-	8,576	8,576
Receivables:			
Sales taxes	-	20,547	20,547
State maintenance	-	3,560	3,560
Franchise taxes	2,946	-	2,946
Occupational license	643	-	643
Restitution	12,727	-	12,727
Employees	1,762	-	1,762
Others	2,654	-	2,654
Due from other funds	7,994	414	8,408
Restricted cash and cash equivalents	-	59,135	59,135
	<u>\$ 231,135</u>	<u>\$ 92,232</u>	<u>\$ 323,367</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13,289	\$ 2,591	\$ 15,880
Payroll withholdings payable	2,041	2,970	5,011
Retirement payable	6,602	-	6,602
Customer deposits	25	-	25
Total liabilities	<u>\$ 21,957</u>	<u>\$ 5,561</u>	<u>\$ 27,518</u>
Deferred Inflows of Resources:			
Deferred franchise tax revenue	\$ 37,333	\$ -	\$ 37,333
Total liabilities and deferred inflows of resources	<u>\$ 59,290</u>	<u>\$ 5,561</u>	<u>\$ 64,851</u>
Fund Balances:			
Restricted	\$ -	\$ 86,671	\$ 86,671
Unassigned	171,845	-	171,845
Total fund balances	<u>\$ 171,845</u>	<u>\$ 86,671</u>	<u>\$ 258,516</u>
	<u>\$ 231,135</u>	<u>\$ 92,232</u>	<u>\$ 323,367</u>
Total liabilities, deferred inflows of resources, and fund balances			

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
September 30, 2022

Total fund balance - total governmental funds		\$ 258,516
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		1,922,372
Pension-related changes in net pension liability that are only reported in the statement of Net Position as deferred outflows		150,474
Pension-related changes in net pension liability that are only reported in the statement of Net Position as deferred inflows		(3,708)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Due within one year	\$ (20,546)	
Due in more than one year	(41,230)	
Net pension liability	<u>(235,929)</u>	
		<u>(297,705)</u>
Net position of governmental activities		<u>\$ 2,029,949</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2022

	General Fund	Major Fund Special Revenue Fund Sales Tax Fund	Total Governmental Funds
Revenues			
Taxes:			
Ad valorem	\$ 76,219	\$ -	\$ 76,219
Sales	-	260,827	260,827
Franchise	32,716	-	32,716
Charges for services	88,966	7,120	96,086
Intergovernmental:			
Federal grants	12,708	-	12,708
State grants	-	6,648	6,648
Local grants	1,000	-	1,000
Occupational licenses and permits	35,292	-	35,292
Fines and forfeitures	219,319	-	219,319
Investment income	-	116	116
Rentals	5,350	-	5,350
Refunds	3,997	-	3,997
Total revenues	\$ 475,567	\$ 274,711	\$ 750,278
Expenditures			
General government	\$ 202,378	\$ -	\$ 202,378
Public safety	222,815	-	222,815
Public works	59,331	163,478	222,809
Recreation	4,681	-	4,681
Debt service:			
Principal	14,269	-	14,269
Interest	1,806	-	1,806
Capital outlay	75,300	228,116	303,416
Total expenditures	\$ 580,580	\$ 391,594	\$ 972,174
Excess (deficiency) of revenues over expenditures	\$ (105,013)	\$ (116,883)	\$ (221,896)
Other financing sources (uses)			
Insurance proceeds	\$ 15,994	\$ -	\$ 15,994
Proceeds of long term debt	49,343	-	49,343
Sale of assets	5,149	13,746	18,895
Transfer in	-	25,839	25,839
Total other financing sources (uses)	\$ 70,486	\$ 39,585	\$ 110,071
Net change in fund balance	\$ (34,527)	\$ (77,298)	\$ (111,825)
Fund balances at beginning of year	206,372	163,969	370,341
Fund balances at end of year	\$ 171,845	\$ 86,671	\$ 258,516

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds	\$ (111,825)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	303,416
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(5,850)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the Statement of Activities.	(56,692)
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(84,454)
The issuance of long-term debt provides current financial resources to governmental funds. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(49,343)
Repayment of principal on long term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of long term debt repayments.	<u>13,153</u>
Change in net position of governmental activities	<u>\$ 8,405</u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
 Proprietary Fund
 September 30, 2022

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
ASSETS	
Current Assets	
Cash	\$ 39,443
Investments	159,140
Receivables:	
Accounts	62,120
Total current assets	<u>\$ 260,703</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 61,300
Capital assets being depreciated - net	2,331,912
Total noncurrent assets	<u>\$ 2,393,212</u>
 Total assets	 <u><u>\$ 2,653,915</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 9,595
Payroll withholdings payable	498
Due to other funds	8,408
Total current liabilities	<u>\$ 18,501</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 24,156</u>
 Total liabilities	 <u>\$ 42,657</u>
NET POSITION	
Net investment in capital assets	\$ 2,393,212
Unrestricted	218,046
Total net position	<u>\$ 2,611,258</u>
 Total liabilities and net position	 <u><u>\$ 2,653,915</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Operating revenues	
Charges for services	\$ 232,853
Operating expenses	
Personal services	\$ 52,353
Supplies	25,474
Contractual services	93,123
Depreciation	125,637
Total operating expenses	<u>\$ 296,587</u>
Income (loss) from operations	<u>\$ (63,734)</u>
Nonoperating revenues (expenses)	
Investment income	\$ 1,208
Miscellaneous	620
Sale of assets	100
Total nonoperating revenues (expenses)	<u>\$ 1,928</u>
Income (loss) before contributions and transfers	\$ (61,806)
Capital contributions	74,061
Transfers out	<u>(25,839)</u>
Change in net position	\$ (13,584)
Net position at beginning of year	<u>2,624,842</u>
Net position at end of year	<u><u>\$ 2,611,258</u></u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Fund <u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 222,604
Cash payments to suppliers for goods and services	(114,842)
Cash payments to employees for services	(52,272)
Net cash provided by operating activities	<u>\$ 55,490</u>
Cash flows from capital financing activities:	
Acquisition of capital assets	\$ (84,901)
Sale of assets	100
Capital contributions	74,061
Net cash used by capital financing activities	<u>\$ (10,740)</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	\$ 980
Miscellaneous	620
Transfers out	(25,839)
Net cash used by noncapital financing activities	<u>\$ (24,239)</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>\$ 1,208</u>
Net increase (decrease) in cash and cash investments	\$ 21,719
Cash and cash investments, beginning	176,864
Cash and cash investments, ending	<u>\$ 198,583</u>
Reconciliation of income (loss) from operations to net cash provided by operating activities:	
Loss from operations	\$ (63,734)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:	
Depreciation	\$ 125,637
Change in assets and liabilities:	
Increase in accounts receivable	(11,750)
Increase in payroll taxes payable	81
Increase in accounts payable	3,755
Increase in customer deposits	1,501
Net cash provided by operating activities	<u>\$ 55,490</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Village of Florien, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2022

INTRODUCTION

The Village of Florien was incorporated under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Village of Florien conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Village maintains a general fund that provides police protection, garbage collection and recreation for its citizens, a sales tax fund that provides for repairs and maintenance of approximately 12 miles of roads and streets, a capital projects fund for street improvements, and an enterprise fund that provides water and sewer services to approximately 320 residents. The Village also maintains other funds as necessary for other operations.

The Village is located within Sabine Parish in the southwestern part of the State of Louisiana and is comprised of approximately 700 residents. The governing board is composed of three elected aldermen that are compensated for the regular and special board meetings they attend. There are approximately eight employees that provide clerical services, maintain the water and sewer systems, maintain streets and roadways, provide police protection, and garbage collection for the Village.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, in the Village's case, sales taxes, that are restricted to expenditures for specific purposes other than debt service or capital projects.

The Village reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Village's enterprise fund. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

The Village has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

C. Deposits

The Village’s cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Village’s investment policy allow the Village to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The Village levies taxes on real business and personal property located within the boundaries of the Village. Property taxes are levied by the Village on property values assessed by the Sabine Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Village of Florien bills and collects property taxes for the Village. The Village recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2021
Levy date	June 30, 2021
Tax bills mailed	October 15, 2021
Total taxes are due	December 31, 2021
Penalties & interest due	January 31, 2022
Lien date	January 31, 2022
Tax sale	May 31, 2022

For the year ended September 30, 2022, taxes of 7.16 mills were levied on property with an assessed valuation totaling \$10,765,386, and were dedicated as follows:

	Authorized Millage	Levied Millage	Expiration Date
Taxes due for:			Renewed
General corporate tax	7.16	7.16	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected by the Village, if taxes are not paid, a sheriff’s sale is held by the Sabine Parish Sheriff and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Boise Cascade Wood Products, L.L.C.	Plywood plant	\$ 7,059,639	65.58%	\$ 50,547

Sales Taxes

The Village of Florien receives a one percent perpetual sales tax, which is to provide additional funds for the construction, repairs and maintenance of streets within the village and for general maintenance of the Village of Florien.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Sales taxes are shown as restricted assets because their use is restricted to maintenance of streets and roadways within the village, and general maintenance of the Village of Florien.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Village of Florien was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was paid or included as part of the cost of capital assets under construction in construction projects.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

Notes to the Financial Statements (Continued)

H. Compensated Absences

The Village has the following policy relating to vacation and sick leave:

The Village allows employees to accumulate up to ten days of sick leave per year with the accumulation of leave days for up to two years with the approval of the mayor. The vacation policy allows for ten days of vacation leave per year. Neither sick leave nor vacation leave is compensated for if not used. The Village has no obligation to pay any other benefits.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

J. Restricted Net Position

For government-wide statement of net position, net position is reported as restricted when constraints placed on net position use either:

- a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. Imposed by law through constitutional provisions or enabling legislation.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Village, which are either unusual in nature or infrequent in occurrence.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. Fund Balances

Restricted Amounts that are restricted to specific purposes should be reported as *restricted fund balance*. Fund balance should be reported as restricted when constraints placed on the use of resources are either:

- a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- b. imposed by law through constitutional provisions or enabling legislation.

Unassigned Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

Notes to the Financial Statements (Continued)

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Police Employees' Retirement System (MPERS) and additions to/deductions from MPERS's fiduciary net positions have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing MPERS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the Village's proportionate share of the plans net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

Financial reporting information pertaining to the Village's participation in the MPERS is prepared in accordance with Governmental Accounting Standards Board "GASB" Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which have been adopted by the City for the fiscal year ended September 30, 2022.

O. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The Village uses the following budget practices:

1. The Village Clerk and Mayor prepare a proposed budget and submit same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
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 the 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. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS: The following individual funds have actual expenditures over budgeted appropriations for the year ended September 30, 2022.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 969,800	\$ 562,000	\$ 580,580	\$ 18,580

3. CASH AND CASH EQUIVALENTS

At September 30, 2022, the Village has cash and cash equivalents (book balances) totaling \$300,987 as follows:

Demand deposits	\$ 212,548
NOW accounts	44,694
Petty cash	1,441
Money market investment accounts	42,304
Total	<u>\$ 300,987</u>

At September 30, 2022, the Village has \$337,449 in deposits (collected bank balances). These deposits are secured from risk by \$337,449 of federal deposit insurance.

4. INVESTMENTS

The Village's investments are made in accordance with Louisiana Revised Statute (LSA R.S.) 33:2955. The state-authorized investments are as follows:

U.S. Treasury obligations

U.S. government agencies

U.S. government instrumentalities

Collateralized repurchase agreements

Collateralized certificates of deposit with Louisiana-domiciled institutions

Collateralized interest-bearing bank accounts

Mutual or trust funds that are registered with the Securities and Exchange Commission, which have underlying investments consisting of and limited to securities of the U.S. government or its agencies

Guaranteed investment contracts having one of the two highest short-term rating categories of either Standard and Poor's Corporation (S&P) or Moody's Investors Service (Moody's)

Investment-grade (A-1/P-1) commercial paper of domestic U.S. corporations

Louisiana Asset Management Pool (LAMP)

Obligations of state agencies, counties, cities, and other political subdivisions of any state rated as to investment quality not less than A or its equivalent

Any other investments allowed by state statute for local governments

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

The Village had invested \$167,716 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of September 30, 2022 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 53 days as of September 30, 2022.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

5. RECEIVABLES

The receivables of \$106,959 at September 30, 2022, are as follows:

Class of receivable	General Fund	Special Revenue Fund	Proprietary Fund	Total
Taxes:				
Sales and use	\$ -	\$ 20,547	\$ -	\$ 20,547
Franchise	2,946	-	-	2,946
Accounts	-	-	62,120	62,120
State maintenance contract	-	3,560	-	3,560
Occupational license	643	-	-	643
Restitution	12,727	-	-	12,727
Employees	1,762	-	-	1,762
Others	2,654	-	-	2,654
Total	\$ 20,732	\$ 24,107	\$ 62,120	\$ 106,959

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2022, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 69,661	\$ -	\$ -	\$ 69,661
Construction in progress	38,700	-	-	38,700
Total capital assets not being depreciated	\$ 108,361	\$ -	\$ -	\$ 108,361
Capital assets being depreciated				
Vehicles	\$ 141,063	\$ 68,829	\$ -	\$ 209,892
Buildings	113,758	6,472	-	120,230
Improvements other than buildings	1,627,743	160,402	-	1,788,145
Machinery and equipment	177,769	67,714	32,510	212,973
Total capital assets being depreciated	\$ 2,060,333	\$ 303,417	\$ 32,510	\$ 2,331,240
Less accumulated depreciation for:				
Vehicles	\$ 91,995	\$ 18,122	\$ -	\$ 110,117
Buildings	36,076	5,062	-	41,138
Improvements other than buildings	245,903	44,968	-	290,871
Machinery and Equipment	85,461	16,302	26,660	75,103
Total accumulated depreciation	\$ 459,435	\$ 84,454	\$ 26,660	\$ 517,229
Total capital assets being depreciated, net	\$ 1,600,898	\$ 218,963	\$ (5,850)	\$ 1,814,011

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Work in progress	\$ -	\$ 29,950	\$ -	\$ 29,950
Land	31,350	-	-	31,350
Total capital assets not being depreciated	<u>\$ 31,350</u>	<u>\$ 29,950</u>	<u>\$ -</u>	<u>\$ 61,300</u>
Capital assets being depreciated				
Utility plant	\$ 4,034,803	\$ 54,952	\$ -	\$ 4,089,755
Machinery and equipment	407,656	-	-	407,656
Vehicles	28,283	-	-	28,283
Total capital assets being depreciated	<u>\$ 4,470,742</u>	<u>\$ 54,952</u>	<u>\$ -</u>	<u>\$ 4,525,694</u>
Less accumulated depreciation for:				
Utility plant	\$ 1,892,621	\$ 91,104	\$ -	\$ 1,983,725
Machinery and equipment	164,212	28,877	-	193,089
Vehicles	11,312	5,656	-	16,968
Total accumulated depreciation	<u>\$ 2,068,145</u>	<u>\$ 125,637</u>	<u>\$ -</u>	<u>\$ 2,193,782</u>
Total business-type assets being depreciated, net	<u>\$ 2,402,597</u>	<u>\$ (70,685)</u>	<u>\$ -</u>	<u>\$ 2,331,912</u>

Depreciation expense of \$84,454 for the year ended September 30, 2022, was charged to the following governmental functions:

Recreation	\$ 4,220
Public works	32,351
Public safety	40,549
General administration	7,334
Total	<u>\$ 84,454</u>

7. CONSTRUCTION COMMITMENTS

Village of Florien, Louisiana has active construction projects consisting of construction of a new Village hall and refurbishing of the water stand tank. At year end the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
New Village Hall Project	\$ 38,700	\$ 461,300
Water Tank Renovations	29,950	119,050

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$61,767 at September 30, 2022, are as follows:

	General Fund	Special Revenue Fund	Proprietary Fund	Total
Payroll withholding	\$ 2,041	\$ 2,970	\$ 498	\$ 5,509
Retirement	6,602	-	-	6,602
Accounts	13,289	2,591	9,595	25,475
Customer deposits	25	-	24,156	24,181
Total	<u>\$ 21,957</u>	<u>\$ 5,561</u>	<u>\$ 34,249</u>	<u>\$ 61,767</u>

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

9. RESTRICTED FUND BALANCE

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance available as follows:

Restricted assets:	
Cash	\$ 59,135
Investments	8,576
Sales taxes receivable	20,547
State maintenance contract	3,560
Due from other funds	414
Total restricted assets	<u>\$ 92,232</u>
Less:	
Liabilities payable from restricted assets:	
Accounts payable	\$ 2,591
Payroll withholdings payable	2,970
Total liabilities payable from restricted assets	<u>\$ 5,561</u>
Restricted fund balance	<u>\$ 86,671</u>

10. DUE TO/FROM OTHER FUNDS

The composition of interfund balances on September 30, 2022, are as follows:

	Due to	Due from
General fund	\$ -	\$ 7,994
Sales tax fund		414
Utility fund	8,408	-
Total	<u>\$ 8,408</u>	<u>\$ 8,408</u>

The small balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year. The larger balance is to transfer garbage collection fees collected in the utility fund to the general fund.

11. INTERFUND TRANSFERS

	Transfer in	Transfer out
Sales tax fund	\$ 25,839	\$ -
Utility fund	-	25,839
Total	<u>\$ 25,839</u>	<u>\$ 25,839</u>

Transfers out of the special revenue sales tax fund are made to other various funds as required by law. Other transfers are made between funds as needed for certain financing activities.

12. DEFERRED FRANCHISE TAX REVENUE

For the year ending September 30, 2014, the Village of Florien entered into a fifteen year franchise tax agreement with Southwest Electric Power Company (SWEPCO). The agreement called for SWEPCO to pay a sum of \$80,000 to the Village of Florien that represents 1% of the gross receipts of electricity sales expected within the corporate limits of the Village over the term of the agreement which is fifteen years. As a result of this agreement, the initial payment of \$80,000 will be amortized over this fifteen year agreement and shown each year as deferred franchise tax revenue on the balance sheet of the general fund. As of September 30, 2022, the unamortized balance of the franchise tax payment is \$37,333.

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2022.

	Governmental Funds			
	Note Payable Freightliner	Note Payable 2022 Tahoe	Net Pension Liability	Total
Long-term obligations at beginning of year	\$ 25,585	\$ -	\$ 59,867	\$ 85,452
Additions	-	49,343	200,145	249,488
Deductions	(8,398)	(4,754)	(24,083)	(37,235)
Long-term obligations at end of year	\$ 17,187	\$ 44,589	\$ 235,929	\$ 297,705

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2021.

	Governmental Funds			
	Note Payable Freightliner	Note Payable 2022 Tahoe	Net Pension Liability	Total
Current portion	\$ 8,783	\$ 11,763	\$ -	\$ 20,546
Long-term portion	8,404	32,826	235,929	277,159
Total	\$ 17,187	\$ 44,589	\$ 235,929	\$ 297,705

Note Payable - Freightliner outstanding at September 30, 2022 for \$17,187 has maturities from 2020 – 2024 and interest at the rate of 4.34%. Note principal and interest payable in the next fiscal year are \$8,783 and \$592 respectively.

Note Payable – 2022 Tahoe outstanding at September 30, 2022 for \$44,589 has maturities from 2022 – 2026 and interest at the rate of 4.11%. Note principal and interest payable in the next fiscal year are \$11,763 and \$1,636 respectively.

Note	Original Issue	Interest Rate	Final Payment Due	Interest to Maturity	Principal Outstanding	Funding Source
Note Payable - Freightliner	\$ 42,075	4.34%	8/10/2024	\$ 1,759	\$ 17,187	General fund revenues
Note Payable - 2022 Tahoe	\$ 49,343	4.11%	3/8/2026	\$ 3,423	\$ 44,589	General fund revenues

The annual requirements to amortize all notes outstanding at September 30, 2022 for the Village are as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2023	\$ 20,546	\$ 2,228	\$ 22,774
2024	20,682	1,311	21,993
2025	12,815	584	13,399
2026	7,733	82	7,815
Total	\$ 61,776	\$ 4,205	\$ 65,981

14. RETIREMENT SYSTEMS

Substantially all of the police employees of the Village of Florien are members of the Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to the plan follows:

A. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% for MPERS of their annual covered salary and the Village of Florien is required to contribute at an actuarially determined rate. The current rate is 31.25% for MPERS of annual covered payroll. The contribution requirements of plan members and the Village of Florien are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Village of Florien's contributions to the System for the years ending September 30, 2022, 2021 and 2020, were \$24,083, \$13,966, and \$13,116 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2022, the Village reported a liability of \$235,929 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2022 the Village's proportion was .023081%, which was an increase of .01185% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the municipality recognized pension expense of \$40,391, plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$45,518. At September 30, 2022, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,165	\$ 1,923
Changes of assumptions	8,138	1,756
Net difference between projected and actual earnings on pension plan investments	42,121	-
Changes in proportion of net pension liability	67,060	-
Difference between employer and proportionate share of contributions	24,321	29
Village contributions subsequent to the measurement date	7,669	-
Total	<u>\$ 150,474</u>	<u>\$ 3,708</u>

The \$7,669 reported as deferred outflows of resources related to pensions resulting from the Village's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2023	\$ 56,964
2024	35,004
2025	25,035
2026	22,094
Total	<u>\$ 139,097</u>

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The components of the net pension liability of the Village of Florien as of June 30, 2022 are as follows:

Total Pension Liability	\$ 807,949
Plan Fiduciary Net Pension	<u>(572,020)</u>
Total Net Pension Liability	<u>\$ 235,929</u>

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	6.75%, net of investment expense

Village of Florien, Louisiana

Notes to the Financial Statements (Continued)

Expected Remaining Service Lives	2022 – 4 years 2021 – 4 years 2020 – 4 years 2019 – 4 years						
Inflation Rate	2.50%						
Salary increases, including inflation and merit	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: center;"><u>Years of Service</u></td> <td style="text-align: center;"><u>Salary Growth Rate</u></td> </tr> <tr> <td style="text-align: center;">1 – 2</td> <td style="text-align: center;">12.30%</td> </tr> <tr> <td style="text-align: center;">Above 2</td> <td style="text-align: center;">4.70%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1 – 2	12.30%	Above 2	4.70%
<u>Years of Service</u>	<u>Salary Growth Rate</u>						
1 – 2	12.30%						
Above 2	4.70%						
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>						
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.						

The mortality rate assumption used was set based upon an experience study for the period July 1, 2014 through June 30, 2019. A change was made with full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Best estimates of arithmetic rates of return for each major asset class included in the System’s target allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14.00%	0.95%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Return		8.06%

Village of Florien, Louisiana

Notes to the Financial Statements (Concluded)

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Village of Florien, Louisiana calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher 7.75% than the current rate as of June 30, 2022:

	Changes in Discount Rate:		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	\$ 330,255	\$ 235,929	\$ 157,135

15. PAYABLE

These financial statements include a payable to the pension plan of \$6,602, which is the legally required contribution due at September 30, 2022. This amount is recorded in accrued expenses.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 65,000	\$ 75,000	\$ 76,219	\$ 1,219
Franchise fees	29,800	30,000	32,716	2,716
Charges for services	77,500	89,500	88,966	(534)
Intergovernmental:				
Federal grants	-	-	12,708	12,708
State grants	529,500	13,500	-	(13,500)
Local grants	-	-	1,000	1,000
Occupational licenses and permits	37,000	37,000	35,292	(1,708)
Fines and forfeitures	210,000	220,000	219,319	(681)
Rentals	5,000	5,000	5,350	350
Refunds	-	-	3,997	3,997
Total revenues	\$ 953,800	\$ 470,000	\$ 475,567	\$ 5,567
Expenditures				
General government and administration				
	\$ 206,200	\$ 215,400	\$ 202,378	\$ 13,022
Public safety	185,200	227,200	222,815	4,385
Public works	49,400	69,400	59,331	10,069
Recreation	-	-	4,681	(4,681)
Debt service:				
Principal	-	-	14,269	(14,269)
Interest	-	-	1,806	(1,806)
Capital outlay	529,000	50,000	75,300	(25,300)
Total expenditures	\$ 969,800	\$ 562,000	\$ 580,580	\$ (18,580)
Excess (deficiency) of revenues over expenditures	\$ (16,000)	\$ (92,000)	\$ (105,013)	\$ (13,013)
Other financing sources				
Proceeds of long term debt	\$ -	\$ 50,000	\$ 49,343	\$ (657)
Insurance proceeds	-	-	15,994	15,994
Sale of assets	-	-	5,149	5,149
Transfer in	35,000	-	-	-
Total other financing sources	\$ 35,000	\$ 50,000	\$ 70,486	\$ 20,486
Net change in fund balance	\$ 19,000	\$ (42,000)	\$ (34,527)	\$ 7,473
Fund balances at beginning of year	200,000	206,372	206,372	-
Fund balances at end of year	\$ 219,000	\$ 164,372	\$ 171,845	\$ 7,473

Special Revenue Fund
Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 250,000	\$ 260,000	\$ 260,827	\$ 827
Intergovernmental:				
State grants	-	6,800	6,648	(152)
Charges for services	7,100	7,100	7,120	20
Investment income	100	100	116	16
Total revenues	<u>\$ 257,200</u>	<u>\$ 274,000</u>	<u>\$ 274,711</u>	<u>\$ 711</u>
Expenditures				
Public works	\$ 145,000	\$ 168,000	\$ 163,478	\$ 4,522
Capital Outlay	15,000	225,000	228,116	(3,116)
Total expenditures	<u>\$ 160,000</u>	<u>\$ 393,000</u>	<u>\$ 391,594</u>	<u>\$ 1,406</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 97,200</u>	<u>\$ (119,000)</u>	<u>\$ (116,883)</u>	<u>\$ 2,117</u>
Other financing sources (uses)				
Transfers in	\$ -	\$ 25,000	\$ 25,839	\$ 839
Transfers out	(35,000)	-	-	-
Sale of assets	-	14,000	13,746	(254)
Total other financing sources (uses)	<u>\$ (35,000)</u>	<u>\$ 39,000</u>	<u>\$ 39,585</u>	<u>\$ 585</u>
Net change in fund balance	\$ 62,200	\$ (80,000)	\$ (77,298)	\$ 2,702
Fund balances at beginning of year	<u>160,000</u>	<u>163,969</u>	<u>163,969</u>	<u>-</u>
Fund balances at end of year	<u>\$ 222,200</u>	<u>\$ 83,969</u>	<u>\$ 86,671</u>	<u>\$ 2,702</u>

Schedule of the Village's Proportionate Share of the Net Pension Liability
For the Year Ended September 30, 2022

Municipal Police Employees' Retirement System	September 30, 2020	September 30, 2021	September 30, 2022
Village's proportion of the net pension liability (asset)	.010694%	.011231%	.023081%
Village's proportionate share of the net pension liability (asset)	\$ 98,837	\$ 59,867	\$ 235,929
Village's covered-employee payroll	\$ 40,467	\$ 43,287	\$ 79,713
Village's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	244.24%	138.30%	235.97%
Plan fiduciary net position as a percentage of the total pension liability	70.94%	84.08%	70.80%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of the Village's Pension Contributions
For the Year Ended September 30, 2022

Municipal Police Employees' Retirement System	September 30, 2020	September 30, 2021	September 30, 2022
Contractually required contribution	\$ 13,116	\$ 13,966	\$ 24,083
Contributions in relation to the contractually required contribution	<u>13,116</u>	<u>13,966</u>	<u>24,083</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered-employee payroll	\$ 40,467	\$ 43,287	\$ 79,713
Contributions as a percentage of covered-employee payroll	32.41%	32.26%	30.21%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

OTHER SUPPLEMENTAL SCHEDULES

Schedule of Per Diem Paid to Board Members
Year Ended September 30, 2022

<u>Board Members</u>	<u>Total Paid</u>
Bradley Marr	\$ 2,700
Suzanne Williams	2,700
Tanja Charles	2,700
	<u>\$ 8,100</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
Year Ended September 30, 2022

Mayor Eddie Jones, Jr.

Purpose	Amount
Salary	\$ 12,000
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Cell phone	755

Village of Florien, Louisiana
 LLA Entity ID # 2374
 Justice System Funding Schedule -
 Collecting/Disbursing Entity
 For the Year Ended September 30, 2022

Schedule 7

	First Six Month Period Ended 3/31/2022	Second Six Month Period Ended 9/30/2022
Beginning balance of amounts collected (cash on hand)	\$ -	\$ (15)
Add: Collections:		
Criminal Court Costs/Fees	\$ 21,513	\$ 19,354
Criminal Fines - Contempt	10,023	16,097
Criminal Fines - Other	82,491	71,186
Subtotal collections	\$ 114,027	\$ 106,637
Less: Disbursements to governments & nonprofits:		
La. Commission on Law Enforcement Criminal Court Cost Fees	\$ 661	\$ -
CMIS Trial Court Case Management Info System Criminal Court Cost Fees	313	-
La. Dept. of Health & Hospitals, Criminal Court Cost Fees	1,450	-
North La. Crime Lab Criminal Court Cost Fees	9,350	-
La. Judicial College Criminal Court Cost Fees	159	-
Ware Youth Center Criminal Court Cost Fees	2,348	-
11th/42nd JDC Indigent Defender Fund Criminal Court Cost Fees	3,170	-
Village of Florien, Marshall Criminal Court Cost Fees	4,064	3,885
Less: Amounts Retained by Collection Agency:		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	\$ 13	\$ -
Village of Florien, Criminal Fines - Contempt	10,023	16,097
Village of Florien, Criminal Fines - Other	82,491	71,186
Less: Disbursements to individuals/3rd party collection processing agencies:		
Payments to 3rd Party Collection/Processing Agencies	\$ -	\$ -
Subtotal disbursements/retainage	\$ 114,042	\$ 91,168
Ending balance of amounts collected but not disbursed/retained (cash on hand)	\$ (15)	\$ 15,454
Ending balance of "partial payments" collected but not disbursed	\$ -	\$ -

Village of Florien, Louisiana
 LLA Entity ID # 2374
 Justice System Funding Schedule -
 Receiving Entity
 For the Year Ended September 30, 2022

Schedule 8

	First Six Month Period Ended 3/31/2022	Second Six Month Period Ended 9/30/2022
Receipts from:		
Louisiana Department of Motor Vehicles - Other	\$ 50	\$ 150
Sabine Parish District Attorney - Other	-	-
Subtotal receipts	\$ 50	\$ 150
Ending balance of amounts assessed but not received	\$ -	\$ -

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended September 30, 2022

Finding – Financial Statement Audit

Audit Finding No. 2021-1

Lack of segregation of duties, lack of monitoring

Condition: Due to the size of the Village, there is one full time clerk and another part time employee in the office. In order to mitigate the lack of segregation of duties controls were put in place to monitor the small office staff. These controls were not implemented during the year and this allowed for misappropriation of assets.

The fraud that allegedly occurred consisted of an employee taking cash that was paid at the office for police fines and civic center functions. The employee would take police fine cash payments and then go into the computer and change the police ticket to a zero amount. Pre-numbered receipts were not used. Civic center cash was taken and receipts were written but the cash was misappropriated and never deposited.

At the time the misappropriation was discovered, we notified the local District Attorney and the Legislative Auditor’s Office. The Mayor also notified the District Attorney and Legislative Auditor’s Office in writing. As of the date of the auditor’s report, the District Attorney is aware of the fraud and is in the process of investigating the theft.

Criteria: Since it is not economically feasible to hire additional staff for proper segregation of duties, controls were put in place to closely monitor the office personnel. The controls included reviewing controls of cash collections.

Cause and Condition: The monitoring controls over office personnel and segregation of duties were not implemented leading to misappropriation of assets during the year. Some segregation of duties were in place but not being followed.

Effect of Condition: The lack of monitoring and segregation of duties resulted in misappropriation of assets.

Recommendation: We recommend that the internal controls and segregation of duties that were in place be implemented by the Mayor and Board of Aldermen. These controls include examining bank reconciliations and comparing the reconciliation to the bank statement and financial statements, and comparing receipt books to deposit slips, segregation of duties between cash collections and posting in the computer, and preparation of deposit slips. We also recommend that the Village work with a qualified individual to establish written internal controls that should be implemented for monitoring the office staff. Also, background checks should be required for anyone seeking employment at the Village.

Date of Initial Occurrence - September 30, 2021

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response
Year Ended September 30, 2022

There were no current year audit findings as of September 30, 2022.

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

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 Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, 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 Florien, Louisiana as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Florien, Louisiana's basic financial statements, and have issued our report thereon dated March 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Florien, Louisiana'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 of Florien, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Florien, Louisiana's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Florien, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

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.

A handwritten signature in black ink that reads "John D. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
March 25, 2023

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
Fax: (337) 462-0640

John A. Windham, CPA
Charles M. Reed, Jr., CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

We have performed the procedures enumerated below, which were agreed to by Village of Florien, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. 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, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(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.

The entity did not have a written policy for information technology disaster recovery.

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.
No exceptions noted.
 - b) For those entities reporting on the governmental accounting model, observe whether 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 funds⁷. *Alternately, for those entities reporting on the nonprofit 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.*
No exceptions noted.
 - 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.
Not applicable.

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 or electronically logged);
No exceptions noted.

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

- 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
No exceptions noted.
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.
No exceptions noted.

Collections (excluding electronic funds transfers)

- 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 or 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 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.
Two employees share one drawer.
- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
No exceptions noted.
- 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 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.
Examined two random deposit dates for each account; the receipt book is not numbered.

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.]

No exceptions noted.

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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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

11. 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.
12. 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 whether 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) were 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.

Late fees were assessed.

13. Using the monthly statements or combined statements selected under #12 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 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.

No exceptions noted.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe 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 the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe 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 each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether 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 whether 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 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 the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

16. 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.

No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- Observe 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 a policy and/or contract, the official should document his/her daily attendance and leave.)
 - Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- No exceptions noted.*
18. 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's policy on termination payments. Agree the hours to the employee or officials' cumulative 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.
- No exceptions noted.*
19. 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.
- One payment was made late.*

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe whether 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.
- No exceptions noted.*

Debt Service

21. 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 State Bond Commission approval was obtained for each debt instrument issued.
- No exceptions noted.*
22. 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).
- No exceptions noted.*

Fraud Notice

23. 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.

Not applicable.

24. Observe 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. 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.

No exceptions noted.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

27. Observe 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).

No exceptions noted.

28. 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 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

The Honorable Eddie Jones, Jr., Mayor
and Members of the Board of Aldermen
Village of Florien, Louisiana

- e) Amount of time it took to resolve each complaint.

Not applicable.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
March 25, 2022