

VILLAGE OF CONVERSE, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2022

Village of Converse, Louisiana
Financial Report
December 31, 2022

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VILLAGE OF CONVERSE, LOUISIANA

P. O. Box 40
Converse, LA 71419

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended December 31, 2022

The Management's Discussion and Analysis of the Village of Converse's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended December 31, 2022. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Converse's financial statements, which begin on page 8.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current & Other Assets	\$ 436,674	\$ 208,068	\$ 644,742	\$ 214,206	\$ 189,474	\$ 403,680
Due from Other Funds	282,714	0	282,714	281,072	0	281,072
Capital Assets, Net of Accumulated Depreciation	<u>901,980</u>	<u>1,016,864</u>	<u>1,918,844</u>	<u>724,245</u>	<u>1,044,809</u>	<u>1,769,054</u>
Total Assets	<u>\$1,621,368</u>	<u>\$1,224,932</u>	<u>\$2,846,300</u>	<u>\$1,219,523</u>	<u>\$1,234,283</u>	<u>\$2,453,806</u>
LIABILITIES:						
Accounts Payable/Accruals	\$ 116,760	\$ 5,253	\$ 122,013	\$ 5,749	\$ 1,671	\$ 7,420
Due to Other Funds	0	282,714	282,714	0	281,072	281,072
Customer Deposits	<u>0</u>	<u>15,344</u>	<u>15,344</u>	<u>0</u>	<u>13,736</u>	<u>13,736</u>
Total Liabilities	<u>\$ 116,760</u>	<u>\$ 303,311</u>	<u>\$ 420,071</u>	<u>\$ 5,749</u>	<u>\$ 296,479</u>	<u>\$ 302,228</u>
NET POSITION:						
Net Investment in Capital Assets	\$ 901,980	\$1,016,864	\$1,918,844	\$ 724,245	\$1,044,809	\$1,769,054
Unrestricted	<u>602,628</u>	<u>(95,243)</u>	<u>507,385</u>	<u>489,529</u>	<u>(107,005)</u>	<u>382,524</u>
Total Net Position	<u>\$1,504,608</u>	<u>\$ 921,621</u>	<u>\$2,426,229</u>	<u>\$1,213,774</u>	<u>\$ 937,804</u>	<u>\$2,151,578</u>

Summary of Statement of Activities

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
General Revenues:						
Taxes-						
Ad Valorem	\$ 20,277	\$ 0	\$ 20,277	\$ 18,854	\$ 0	\$ 18,854
Licenses & Permits	49,578	0	49,578	36,483	0	36,483
Sales Tax	117,888	0	117,888	112,508	0	112,508
Fines	77,713	0	77,713	48,585	0	48,585
Royalty	1,857	0	1,857	1,397	0	1,397
Charges for Services	0	142,177	142,177	0	127,065	127,065
Interest Income	226	103	329	170	148	318
Capital Grants	199,417	0	199,417			
Operating Grants and Contributions	29,687	56,329	86,016	2,685	82,453	85,138
Miscellaneous	<u>10,917</u>	<u>17,168</u>	<u>28,085</u>	<u>10,242</u>	<u>10,165</u>	<u>20,407</u>
Total Revenues	\$ <u>507,560</u>	\$ <u>215,777</u>	\$ <u>723,337</u>	\$ <u>230,924</u>	\$ <u>219,831</u>	\$ <u>450,755</u>
EXPENDITURES:						
General Government	\$ 123,100	\$ 0	\$ 123,100	\$ 127,090	\$ 0	\$ 127,090
Public Safety	63,329	0	63,329	63,120	0	63,120
Highways & Streets	30,297	0	30,297	34,089	0	34,089
Operating Expense	<u>0</u>	<u>231,960</u>	<u>231,960</u>	<u>0</u>	<u>235,584</u>	<u>235,584</u>
Total Expenditures	\$ <u>216,726</u>	\$ <u>231,960</u>	\$ <u>448,686</u>	\$ <u>224,299</u>	\$ <u>235,584</u>	\$ <u>459,883</u>
Excess/Deficiency of Revenues over Expenditures	\$ 290,834	\$ (16,183)	\$ 274,651	\$ 6,625	\$ (15,753)	\$ (9,128)
Net Position-Beginning of Year	<u>1,213,774</u>	<u>937,804</u>	<u>2,151,578</u>	<u>1,207,149</u>	<u>953,557</u>	<u>2,160,706</u>
Net Position-End of Year	\$ <u>1,504,608</u>	\$ <u>921,621</u>	\$ <u>2,426,229</u>	\$ <u>1,213,774</u>	\$ <u>937,804</u>	\$ <u>2,151,578</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2022, the Village of Converse had \$901,980, and \$1,016,864, net of depreciation in Governmental Activities and Business-Type Activities, respectively, invested in a broad range of capital assets (See table below).

	Governmental Activities	Business-Type Activities
Land	\$ 1,600	\$ 10,000
Construction in Progress	199,417	17,926
Buildings and other improvements	339,601	0
Distribution system	0	948,854
Streets	338,296	0
Equipment, furniture and fixtures	<u>23,066</u>	<u>40,084</u>
Total	\$ <u>901,980</u>	\$ <u>1,016,864</u>

Debt

At December 31, 2022, the Village of Converse had no long-term debt.

VARIATIONS BETWEEN FINAL BUDGET AND ACTUAL

In the General Fund, actual revenues were \$88,843 more than budgeted amounts. This is a favorable variance.

Actual expenditures were \$21,444 more than budgeted amounts. This is an unfavorable variance.

A final budget amendment was prepared; however, the Village failed to approve the final budget prior to the current year-end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Village of Converse's elected officials considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

1. Taxes
2. Intergovernmental revenues (state and local grants)
3. License and permits
4. Fines

The Village of Converse was awarded approximately \$160,000 in federal assistance related to the American Rescue Plan Act of 2021. One-half of the funds were received in 2021, and the remaining funds were received in 2022. These funds were utilized primarily to replace lost governmental revenue and to perform repairs and improvements in the water and sewer systems.

CONTACTING VILLAGE OF CONVERSE'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village of Converse's finances and to show the Village of Converse's accountability for the money it receives. If you have questions about this report or need additional information, contact Troy Terrell, Mayor of the Village of Converse, Post Office Box 40, Converse, Louisiana 71419 or (318) 567-3312.

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INDEPENDENT AUDITORS' REPORT

To the Mayor and Aldermen of the
Village of Converse, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, and major funds of the Village of Converse (“Village”) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds of the Village of Converse as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Budgetary Comparison Schedule, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Agency Head, Political Subdivision Head, or Chief Executive Officer and Justice System Funding Schedule 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer and the Justice System Funding Schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated June 15, 2023, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPAs

Thomas, Cunningham, Broadway & Todtenbier
Certified Public Accountants
Natchitoches, Louisiana

June 15, 2023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Converse, Louisiana
Statement of Net Position
December 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Current Assets-			
Cash	\$ 286,237	\$ 177,042	\$ 463,279
Accounts & Taxes Receivable	145,126	13,528	158,654
Due from Other Funds	282,714	0	282,714
Prepaid Expenses	<u>5,311</u>	<u>2,154</u>	<u>7,465</u>
Total Current Assets	<u>\$ 719,388</u>	<u>\$ 192,724</u>	<u>\$ 912,112</u>
Noncurrent Assets-			
Restricted Cash – Customer Deposits	\$ 0	\$ 15,344	\$ 15,344
Capital Assets, Net	<u>901,980</u>	<u>1,016,864</u>	<u>1,918,844</u>
Total Noncurrent Assets	<u>\$ 901,980</u>	<u>\$1,032,208</u>	<u>\$1,934,188</u>
Total Assets	<u>\$1,621,368</u>	<u>\$1,224,932</u>	<u>\$2,846,300</u>
LIABILITIES:			
Current Liabilities-			
Accounts Payable/Accruals	\$ 116,760	\$ 5,253	\$ 122,013
Due to Other Funds	<u>0</u>	<u>282,714</u>	<u>282,714</u>
Total Current Liabilities	<u>\$ 116,760</u>	<u>\$ 287,967</u>	<u>\$ 404,727</u>
Noncurrent Liabilities-			
Customer Deposits	<u>\$ 0</u>	<u>\$ 15,344</u>	<u>\$ 15,344</u>
Total Liabilities	<u>\$ 116,760</u>	<u>\$ 303,311</u>	<u>\$ 420,071</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 901,980	\$1,016,864	\$1,918,844
Unrestricted	<u>602,628</u>	<u>(95,243)</u>	<u>507,385</u>
Total Net Position	<u>\$1,504,608</u>	<u>\$ 921,621</u>	<u>\$2,426,229</u>

See independent accountant's review report and notes to financial statements.

Village of Converse, Louisiana
Statement of Activities
December 31, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$123,100	\$ 0	\$29,687	\$ 0	\$ (93,413)	\$ 0	\$ (93,413)
Public Safety	63,329	77,713	0	0	14,384	0	14,384
Public Works	30,297	0	0	199,417	169,120	0	169,120
Total Governmental Activities	<u>\$216,726</u>	<u>\$ 77,713</u>	<u>\$29,687</u>	<u>\$199,417</u>	<u>\$ 90,091</u>	<u>\$ 0</u>	<u>\$ 90,091</u>
Business-Type Activities:							
Water and Sewer	\$231,960	\$142,177	\$56,329	\$ 0	\$ 0	\$(33,454)	\$(33,454)
Total Government	<u>\$448,686</u>	<u>\$219,890</u>	<u>\$86,016</u>	<u>\$199,417</u>	<u>\$ 90,091</u>	<u>\$(33,454)</u>	<u>\$ 56,637</u>
General Revenues:							
Taxes-							
					\$ 20,277	\$ 0	\$ 20,277
					49,578	0	49,578
					117,888	0	117,888
					1,857	0	1,857
					226	103	329
					<u>10,917</u>	<u>17,168</u>	<u>28,085</u>
					<u>\$ 200,743</u>	<u>\$ 17,271</u>	<u>\$ 218,014</u>
					\$ 290,834	\$(16,183)	\$ 274,651
					<u>1,213,774</u>	<u>937,804</u>	<u>2,151,578</u>
					<u>\$1,504,608</u>	<u>\$921,621</u>	<u>\$2,426,229</u>

See independent accountant's review report and notes to financial statements.

FUND FINANCIAL STATEMENTS

Village of Converse, Louisiana
Balance Sheet-Governmental Fund
December 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash	\$284,599	\$ 1,638	\$286,237
Taxes Receivable	33,292	0	33,292
Other Receivables	5,505	106,329	111,834
Due from Other Funds	282,714	0	282,714
Prepaid Expenses	<u>5,311</u>	<u>0</u>	<u>5,311</u>
Total Assets	<u>\$611,421</u>	<u>\$107,967</u>	<u>\$719,388</u>
LIABILITIES:			
Accounts Payable/Accruals	<u>\$ 10,431</u>	<u>\$106,329</u>	<u>\$116,760</u>
FUND BALANCE:			
Nonspendable-Prepaid Expenses	\$ 5,311	\$ 0	\$ 5,311
Unassigned	<u>595,679</u>	<u>1,638</u>	<u>597,317</u>
Total Fund Balance	<u>\$600,990</u>	<u>\$ 1,638</u>	<u>\$602,628</u>
Total Liabilities and Fund Balance	<u>\$611,421</u>	<u>\$107,967</u>	<u>\$719,388</u>

See independent accountant's review report and notes to financial statements.

Village of Converse, Louisiana
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balance for the Governmental Fund \$ 602,628

Amounts reported for Governmental Activities
in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not
current financial resources and, therefore, are not reported
in the Governmental Fund Balance Sheet-

Capital Assets	1,502,928
Less, Accumulated Depreciation	<u>(600,948)</u>

Total Net Position of Governmental Activities \$1,504,608

Village of Converse, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balances-
Governmental Fund
Year Ended December 31, 2022

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes-			
Ad Valorem	\$ 20,277	\$ 0	\$ 20,277
Licenses & Permits	49,578	0	49,578
Sales Tax	117,888	0	117,888
Intergovernmental –			
Federal Grants – ARPA	25,775	0	25,775
State Grants – LCDBG	0	199,417	199,417
Fines & Forfeits	77,713	0	77,713
Miscellaneous-			
Royalty	1,857	0	1,857
Miscellaneous	<u>15,055</u>	<u>0</u>	<u>15,055</u>
Total Revenues	<u>\$308,143</u>	<u>\$199,417</u>	<u>\$507,560</u>
Expenditures:			
Current-			
General Government	\$ 77,543	\$ 0	\$ 77,543
Public Safety	63,329	0	63,329
Streets	30,297	0	30,297
Capital Outlay	<u>23,875</u>	<u>199,417</u>	<u>223,292</u>
Total Expenditures	<u>\$195,044</u>	<u>\$199,417</u>	<u>\$394,461</u>
Excess of Revenues over Expenditures	\$113,099	\$ 0	\$113,099
Fund Balance-Beginning of Year	<u>487,891</u>	<u>1,638</u>	<u>489,529</u>
Fund Balance-End of Year	<u>\$600,990</u>	<u>\$ 1,638</u>	<u>\$602,628</u>

See independent accountant's review report and notes to financial statements.

Village of Converse, Louisiana
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Fund
to the Statement of Activities
for the Year Ended December 31, 2022

Net Change in Fund Balance-Governmental Fund \$113,099

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

Some expenses reported in the Statement of Activities
do not require the use of current financial resources
and are not reported as expenditures in governmental
funds. These timing differences are summarized below:

Capital Outlay	223,292
Depreciation	<u>(45,557)</u>

Total Change in Net Position \$290,834

Village of Converse, Louisiana
Statement of Net Position
Proprietary Fund-Utility Fund
Year Ended December 31, 2022

ASSETS:	
Current Assets-	
Cash	\$ 177,042
Accounts Receivable	13,528
Prepaid Expenses	<u>2,154</u>
Total Current Assets	\$ <u>192,724</u>
Noncurrent Assets-	
Restricted Cash – Deposits	\$ 15,344
Capital Assets, Net	<u>1,016,864</u>
Total Noncurrent Assets	\$ <u>1,032,208</u>
Total Assets	\$ <u>1,224,932</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable/Accruals	\$ 5,253
Due to Other Funds	<u>282,714</u>
Total Current Liabilities	\$ 287,967
Noncurrent Liabilities –	
Customers’ Deposits	<u>15,344</u>
Total Liabilities	\$ <u>303,311</u>
NET POSITION:	
Net Investment in Capital Assets	\$1,016,864
Unrestricted	<u>(95,243)</u>
Total Net Position	\$ <u>921,621</u>

See independent accountant’s review report and notes to financial statements.

Village of Converse, Louisiana
Statement of Revenues, Expenses and Change in Net Position
Proprietary Fund-Utility Fund
Year Ended December 31, 2022

OPERATING REVENUES:	
Charges for Services	\$142,177
Operating Grants and Contributions	56,329
Miscellaneous	<u>17,168</u>
Total Operating Revenues	<u>\$215,674</u>
OPERATING EXPENSES:	
Personnel Services	\$ 71,111
Utilities	24,653
Repair & Maintenance	11,844
Other Supplies & Expenses	59,176
Depreciation	<u>65,176</u>
Total Operating Expenses	<u>\$231,960</u>
Loss from Operations	\$ (16,286)
NON-OPERATING REVENUES:	
Interest	<u>103</u>
Change in Net Position	\$ (16,183)
Net Position-Beginning of Year	<u>937,804</u>
Net Position-End of Year	<u>\$921,621</u>

See independent accountant's review report and notes to financial statements.

Village of Converse, Louisiana
Statement of Cash Flows
Proprietary Fund-Utility Fund
Year Ended December 31, 2022

Cash Flows from Operating Activities:	
Cash Receipts from Customers	\$ 155,400
Cash from Operating Grants and Contributions	56,329
Cash Receipts of Customer Deposits	1,608
Cash Payments to Suppliers and Employees	<u>(161,560)</u>
Net Cash Provided by Operating Activities	\$ 51,777
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(37,231)
Cash Flows from Investing Activities:	
Interest Income	<u>103</u>
Net Increase in Cash and Cash Equivalents	\$ 14,649
Cash and Cash Equivalents-Beginning of Year	<u>177,737</u>
Cash and Cash Equivalents-End of Year	\$ <u>192,386</u>
Reconciliation of Income from Operations to Net Cash Provided (Used) by Operating Activities:	
Operating Loss	\$ (16,286)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	65,176
Changes in Assets and Liabilities-	
(Increase) Decrease in Accounts Receivable	(3,945)
Increase (Decrease) in Accounts Payable	3,582
Increase (Decrease) in Customer Deposits	1,608
Increase (Decrease) in Due to Other Funds	<u>1,642</u>
Net Cash Provided by Operating Activities	\$ <u>51,777</u>
Reconciliation of Total Cash and Cash Equivalents:	
Current Assets – Cash	\$ 177,042
Restricted Assets – Cash	<u>15,344</u>
Total Cash and Cash Equivalents	\$ <u>192,386</u>

See independent accountant's review report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

Introduction:

The Village of Converse, Louisiana, is incorporated under the Lawrason Act with a Mayor-Board of Aldermen form of government. The executive branch of government is headed by the Mayor and the legislative branch consists of three Aldermen.

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

The Village's operations include police protection, streets, and general and administrative services. In addition, the Village operates a Utility System which provides water and sewer services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental "reporting entity" as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village's reporting entity.

The financial statements of the Village of Converse, Louisiana, are prepared in accordance with generally accepted accounting principles (GAAP). The Village's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

C. FUND ACCOUNTING-

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

The Village maintains two funds. They are categorized as a governmental fund and a proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

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

The Village reports both its general fund and enterprise fund as major funds.

The funds of the Village are described below:

Governmental Funds-

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

Capital Projects Fund – The Capital Projects Fund is used to account for the proceeds of specific revenue sources that are to be used for the construction of capital facilities.

Proprietary Fund-

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises 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.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

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

Accrual Basis – Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis – Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues “available” if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position and Statement of Cash Flows, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column 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 costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

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

Buildings and improvements	40 years
Equipment and vehicles	5-10 years
Utility system and improvements	40 years

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

G. RESTRICTED ASSETS-

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to its use. The restricted assets are related to customer deposits.

H. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS-

There is no formal leave policy for the Village; therefore, no entry is made to record compensated absences. In addition, the Village does not provide employee benefits beyond employment.

I. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted net resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact.
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- c. Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance – amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$595,679. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. EXPENDITURES/EXPENSES-

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

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

Governmental Funds – By Character
Proprietary Fund – By Operating and Non-operating

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

K. BUDGET AND BUDGETARY ACCOUNTING-

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

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 statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

M. LONG-TERM OBLIGATIONS

The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide financial statements.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, the face amount of the debt issued is reported as other financing sources. At December 31, 2022, the Village had no outstanding long-term debt.

N. RECEIVABLES-

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

O. BAD DEBTS-

All accounts receivable are considered to be fully collectible.

P. SALES TAXES-

The Village collects sales and use tax with the net proceeds, after deducting costs of collection and administration, dedicated to construction, acquiring, extending, improving and/or maintaining drainage facilities, streets, street lighting facilities, bridges, sidewalks, waterworks, sewers and sewer disposal works, recreational facilities, public parks, public buildings and equipment, payment of salaries of municipal employees, maintaining and operating the municipal police department including the purchase of equipment thereof, or for anyone or more of said purposes, title to which improvements shall be in the public.

2. Ad Valorem Taxes:

The Village levies taxes on real and business 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.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

The Village bills and collects property taxes. The Village recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	August 31
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31

For the year ended December 31, 2022, taxes of 12.62 mills were levied on property and were dedicated as follows:

General Corporate Purposes	5.30 mills
Street Fund	7.32 mills

Total taxes collected were \$20,277 after small adjustments were made to the original tax roll.

3. Cash and Cash Equivalents:

The cash and cash equivalents of the Village are subject to the following risk:

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Parish Government's name.

At December 31, 2022, the Village had \$489,388 in deposits (collected bank balances). The deposits are stated at cost which approximates market. These deposits are secured from risk as follows:

Demand Deposits	\$ 474,909
Time Deposits	14,479
FDIC Insurance	(250,000)
Pledged Securities	(239,388)
Uninsured	<u>\$ 0</u>

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

4. Accounts Receivable:

The following is a summary of accounts receivable at December 31, 2022:

	Governmental Activities	Business-Type Activities	Total
Taxes-			
Ad Valorem	\$ 12,229	\$ 0	\$ 12,229
Franchise	7,325	0	7,325
Sales Tax	13,738	0	13,738
Royalty	76	0	76
Other	111,758	0	111,758
Charges for services	<u>0</u>	<u>13,528</u>	<u>13,528</u>
Total	<u>\$145,126</u>	<u>\$13,528</u>	<u>\$158,654</u>

5. Capital Assets:

A summary of Village of Converse's capital assets at December 31, 2022, follows:

Governmental Activities	Balance 01-01-22	Additions	Deletions	Balance 12-31-22
Capital Assets, Not Being Depreciated-				
Land	\$ 1,600	\$ 0	\$ 0	\$ 1,600
Construction in Progress	<u>0</u>	<u>199,417</u>	<u>0</u>	<u>199,417</u>
Total Assets, not Depreciated	<u>\$ 1,600</u>	<u>\$199,417</u>	<u>\$ 0</u>	<u>\$ 201,017</u>
Capital Assets, Being Depreciated-				
Buildings & Other Improvements	\$ 660,532	\$ 0	\$ 0	\$ 660,532
Furniture & Equipment	89,851	23,875	0	113,726
Streets & Improvements	<u>527,653</u>	<u>0</u>	<u>0</u>	<u>527,653</u>
Total Assets being Depreciated	<u>\$1,278,036</u>	<u>\$ 23,875</u>	<u>\$ 0</u>	<u>\$1,301,911</u>
Total Asset Costs	<u>\$1,279,636</u>	<u>\$223,292</u>	<u>\$ 0</u>	<u>\$1,502,928</u>
Less Accumulated Depreciation for:				
Buildings & Other Improvements	\$ 304,050	\$ 16,881	\$ 0	\$ 320,931
Furniture & Equipment	88,367	2,293	0	90,660
Streets	<u>162,974</u>	<u>26,383</u>	<u>0</u>	<u>189,357</u>
Total Accumulated Depreciation	<u>\$ 555,391</u>	<u>\$ 45,557</u>	<u>\$ 0</u>	<u>\$ 600,948</u>
Governmental Activities				
Total Capital Assets, Net	<u>\$ 724,245</u>	<u>\$177,735</u>	<u>\$ 0</u>	<u>\$ 901,980</u>

Depreciation expense of \$45,557 was charged to the general government function for governmental activities.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

5. Capital Assets (continued):

Business-Type Activities	Balance 01-01-22	Additions	Deletions	Balance 12-31-22
Capital Assets, Not Being Depreciated-				
Land	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Construction in Progress	<u>0</u>	<u>17,926</u>	<u>0</u>	<u>17,926</u>
Total Assets, not depreciated	<u>\$ 10,000</u>	<u>\$ 17,926</u>	<u>\$ 0</u>	<u>\$ 27,926</u>
Capital Assets, Being Depreciated-				
Distribution System	\$2,137,983	\$ 0	\$ 0	\$2,137,983
Equipment, Furniture & Fixtures	<u>263,190</u>	<u>19,305</u>	<u>0</u>	<u>282,495</u>
Total Assets being Depreciated	<u>\$2,401,173</u>	<u>\$ 19,305</u>	<u>\$ 0</u>	<u>\$2,420,478</u>
Total Asset Costs	<u>\$2,411,173</u>	<u>\$ 37,231</u>	<u>\$ 0</u>	<u>\$2,448,404</u>
Less Accumulated Depreciation for:				
Distribution System	\$1,137,392	\$ 51,737	\$ 0	\$1,189,129
Equipment, Furniture & Fixtures	<u>228,972</u>	<u>13,439</u>	<u>0</u>	<u>242,411</u>
Total Accumulated Depreciation	<u>\$1,366,364</u>	<u>\$ 65,176</u>	<u>\$ 0</u>	<u>\$1,431,540</u>
Business-Type Activities				
Total Capital Assets, Net	<u>\$1,044,809</u>	<u>\$(27,945)</u>	<u>\$ 0</u>	<u>\$1,016,864</u>

Depreciation expense of \$65,176 was charged to business-type activities as follows:

Water	\$24,372
Sewer	<u>40,804</u>
Total Depreciation	<u>\$65,176</u>

6. Accounts Payable/Accruals:

The following is a summary of accounts payable and accruals December 31, 2022:

	Governmental Activities	Business-Type Activities	Total
Vendors	\$ 6,341	\$5,070	\$ 11,411
Sales Taxes	0	183	183
Accrued Payroll Taxes	4,090	0	4,090
Grant Payable	<u>106,329</u>	<u>0</u>	<u>106,629</u>
Total	<u>\$116,760</u>	<u>\$5,253</u>	<u>\$122,013</u>

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

7. Grant Funding:

The Village of Converse was been awarded approximately \$160,000 in federal assistance from the passing of the American Rescue Plan Act of 2021. One-half of the funds were received in 2021, and the second tranche of funding was received in 2022. These funds have been used primarily to replace governmental revenues and to perform repairs and improvements in the water and sewer systems.

The Village was awarded a grant through the Louisiana Community Development Block Grant Program in the total amount of \$841,000 for water treatment plant improvements. During the current year, the Village expended and was reimbursed \$199,417 in consulting, engineering and construction fees related to the project.

8. Risk Management:

The Village of Converse is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

9. Related Parties:

The Village had no identified related party transactions for the year ended December 31, 2022.

10. Compensation Paid to the Mayor and Board of Aldermen:

Troy H. Terrell – Mayor	\$6,000
Christina Ebarb	1,200
Rodney Rutherford	1,200
Travis Womack	<u>1,200</u>
Total	<u>\$9,600</u>

11. Pension Plans:

All employees of the Village of Converse, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Village contributes 6.2 percent. For the year ended December 31, 2022, the Village contributed \$9,086. Any future deficit in this System will be financed by the United States Government.

12. Tax Abatement:

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. There were no industrial exemptions in ad valorem taxes for the Village of Converse for the fiscal year ending December 31, 2022.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2022

13. Long-Term Debt and Capitalized Leases:

During the current year, the Village had no long-term debt or capital lease obligations.

14. Litigation and Claims:

Management has advised that there is no litigation pending against the Village of Converse, Louisiana at December 31, 2022.

15. Subsequent Events:

Management has evaluated events through June 15, 2023, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Village of Converse, Louisiana
Major Fund-General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended December 31, 2022

	<u>Budget Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES:				
Taxes-				
Ad Valorem	\$ 19,000	\$ 19,000	\$ 20,277	\$ 1,277
Licenses & Permits	38,000	38,000	49,578	11,578
Sales Tax	100,000	100,000	117,888	17,888
Intergovernmental-				
Federal Grants	0	0	25,775	25,775
Fines & Forfeits	53,300	53,300	77,713	24,413
Miscellaneous-				
Royalty	4,000	4,000	1,857	(2,143)
Miscellaneous	<u>5,000</u>	<u>5,000</u>	<u>15,055</u>	<u>10,055</u>
Total Revenues	<u>\$219,300</u>	<u>\$219,300</u>	<u>\$308,143</u>	<u>\$ 88,843</u>
EXPENDITURES:				
Current-				
General Government	\$ 61,000	\$ 61,000	\$ 77,543	\$(16,543)
Public Safety	76,600	76,600	63,329	13,271
Streets	36,000	36,000	30,297	5,703
Capital Outlay	<u>0</u>	<u>0</u>	<u>23,875</u>	<u>(23,875)</u>
Total Expenditures	<u>\$173,600</u>	<u>\$173,600</u>	<u>\$195,044</u>	<u>\$(21,444)</u>
Excess of Revenues over Expenditures	\$ 45,700	\$ 45,700	\$113,099	\$ 67,399
Fund Balance at Beginning of Year	<u>487,891</u>	<u>487,891</u>	<u>487,891</u>	<u>0</u>
Fund Balance at End of Year	<u>\$553,591</u>	<u>\$553,591</u>	<u>\$600,990</u>	<u>\$ 67,399</u>

See independent accountant's review report and notes to financial statements.

SUPPLEMENTARY INFORMATION

Village of Converse, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2022

Agency Head Name: Troy Terrell, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$6,000
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other (Social Security)	372
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$6,372</u>

See independent accountant's review report.

Village of Converse, Louisiana
Justice System Funding Schedule – Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2022

Identifying Information		
Entity Name	Village of Converse	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2360	
Date that reporting period ended (mm/dd/yyyy)	12/31/2022	
	First Six Month Period Ended 06/30/22	Second Six Month Period Ended 12/31/22
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	-	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	34,170	42,758
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	34,170	42,758
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
Louisiana Supreme Court-CMIS, Criminal Fines - Other	107	144
LCLB, Criminal Fines - Other	-	-
Ware Youth Center, Criminal Fines - Other	-	-
DHH-TC/SCL, Criminal Fines - Other	-	-
JDC Indigent Fund, Criminal Fines - Other	-	-
Agency name/collection type	-	-
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Amounts "Self-Disbursed" to Collecting Agency -		
Criminal Fines - Other	34,063	42,614
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	34,170	42,758
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	8,748	20,041
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	1,060	2,445

See independent accountant's review report.

OTHER REPORTS/SCHEDULES

T | C | B | T
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and Aldermen of the
Village of Converse, 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 and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities, and major funds of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Converse's (Village) basic financial statements and have issued our report thereon dated June 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 identify one deficiency in internal control that we consider to be a material weakness, described in the accompanying Schedule of Audit Findings as *Item 2022-001*. However, additional 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'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 determination of 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Audit Findings as *Item 2022-002 Local Government Budget Act* and *Item 2022-003 Ethics Education Requirement*.

Village of Converse's Responses to Findings

The Village of Converse's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. The Village's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

June 15, 2023

Village of Converse, Louisiana
 Schedule of Audit Findings
 For the Year Ended December 31, 2022

I. SUMMARY OF AUDIT FINDING

The following summarizes the audit results:

1. An unmodified opinion was issued on the basic financial statements of the Village of Converse as of and for the year ended December 31, 2022.
2. The audit disclosed one instance of a material weakness in internal control that is required to be reported under *Government Auditing Standards*, described as *Item 2022-001 Segregation of Duties*.
3. The audit disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, described as *Item 2022-002 Noncompliance with Local Government Budget Act* and *Item 2022-003 Ethics Education Requirement Violation*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*

Internal Control-

2022-001 Segregation of Duties

Criteria – Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual.

Condition – Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties over cash receipts, accounts payable, and payroll preparation. The receipt of funds, bank deposits and posting of receipts are performed by the same individual. Invoices are received, processed and paid by one individual who has check signature authority. The same individual prepares and distributes the payroll checks, with no evidence of management approval.

Cause – The Village does not have a sufficient number of employees to adequately separate the key accounting processes.

Effect – Without adequate segregation of duties, intentional or unintentional errors could occur and not be detected, increasing the risk of loss or theft of the entity's assets.

Recommendation – Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we recommend that the Village develop and implement procedures that provide as much segregation of duties possible utilizing the management and staff available.

Management's Response – It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. We will develop and implement internal control procedures to provide mitigating measures to ensure additional control over key accounting processes.

Village of Converse, Louisiana
Schedule of Audit Findings
For the Year Ended December 31, 2022

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

Compliance-

2022-002 *Noncompliance with Local Government Budget Act*

Criteria – Once the governing authority has been notified of a 5% variance or a change in operations upon which the original budget was developed, the governing authority must amend the budget. The amendment must be adopted at a public meeting after publication of the agenda (or published in the official journal for elected officials), and amendments to the adopted budget must be done through ordinance and in accordance with the provisions of the Local Government Budget Act.

Condition – Examination of minutes of public meetings did not reveal the adoption of the final budget amendment prepared by the Village's accountant.

Cause – The Village failed to approve the final budget amendment during a public meeting.

Effect – The result of this failure is that the actual expenditures in the General Fund exceeded budgeted amounts by 12%. The Village is in violation of the Local Government Budget Act by failing to adopt the final budget amendment.

Recommendation – We recommend that the final budget amendment (if required) be included in the agenda for the end-of-year public meeting and brought before the public officials for adoption in accordance with the Local Government Budget Act.

Management's Response – Management will implement procedures to ensure that any required budget amendments are approved during a public meeting prior to year-end.

2022-003 *Ethics Education Requirement Violation*

Criteria – Louisiana Revised Statutes (LSA-R.S.) 42:1170(A)(3)(a)(i) requires each public servant to receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of public employment

Condition – At least two employees of the Village of Converse did not complete the required training on the Code of Governmental Ethics.

Cause – The cause of the violation is unknown.

Effect – Failure to comply with the requirement could result in the assessment of penalties.

Recommendation – We recommend that the Village implement procedures for tracking the training and certification for all officials and employees.

Management's Response – Management will implement more specific procedures to ensure that all officials and employees receive the required training in accordance with the Code of Governmental Ethics.

Village of Converse, Louisiana
Schedule of Audit Findings
For the Year Ended December 31, 2022

III. PRIOR YEAR FINDINGS

For the year ended December 31, 2021, the Village has the following internal control finding:

2021-001 Segregation of Duties

Condition – Adequate segregation of duties requires the critical functions of key accounting processes be assigned to and performed by more than one individual. The Village does not have a sufficient number of employees to adequately separate the key accounting processes.

Status – This condition has not cleared. See *2022-001*.



THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER

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

To the Village of Converse and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Village of Converse's (Village) management is responsible for those C/C areas identified in the SAUPs.

The Village has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (or noted that the entity does not have any written policies and procedures), as applicable:

- **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No written policies were provided. The Village follows the Local Government Budget Act.

- **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.

The Village does not utilize a purchase order or equivalent system, and does not have any written policies and procedures in place for purchasing. All purchases are initiated by the Clerk of City Manager and approved by the Mayor

- **Disbursements**, including processing, reviewing, and approving.

The Village does not have any written policies and procedures in place for disbursements. All invoices are reviewed by the Mayor. All checks require two signatures.

- **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.)

The Village does not have any written policies and procedures in place for receipts/collections. The Clerk is responsible for taking all payments and posting all receipts. The outside CPA reconciles the bank statements to the collection reports.

- **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedule.

The Village does not have any written policies and procedures in place for payroll/personnel. The City Manager approves attendance records for maintenance employees. Attendance records for all other employees are approved by the Mayor.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Village has no written policies and procedures regarding contracting.

- **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).

The Village has no written policies and procedures in place for credit cards.

- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Village has no written policies and procedures in place for travel and expense reimbursement. Per diem rates are based on the applicable state reimbursement rates.

- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.

The Village has no written policies and procedures in place for ethics. Annual ethics training is required for all officials and employees.

- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Village has no written policies and procedures in place for debt service. The Village has no outstanding debt as of December 31, 2022.

- **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.

The Village has no written policies and procedures in place for this category.

- **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Village has no written policies and procedures in place for this category.

Board or Finance Committee

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed 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.
 - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - Obtained the prior year audit report and observed the unassigned fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed 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.

Procedure Results – We noted no exceptions in this category.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, and obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:
 - Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
 - 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

- Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure Results – We noted no exceptions in this category.

Collections (excluding electronic funds transfers)

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. We obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site selected. We obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed that job duties were properly segregated at each collection location such that:
 - Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. We obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. We observed that the bond or insurance policy for theft was enforced during the fiscal period.
7. We randomly selected two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits were made on the same day). We obtained supporting documentation for each of the deposits selected and:
 - We observed that receipts are sequentially pre-numbered.
 - We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - We traced the deposit slip total to the actual deposit per the bank statement.
 - We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- We traced the actual deposit per the bank statement to the general ledger.

Procedure Results – We noted only one collection site for the Village. In the sample of deposits selected for testing, we noted that the deposits were not made within one business day of the receipt.

Non-Payroll Disbursements – General (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We randomly selected the required amount of disbursement locations (up to five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. We obtained 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 we observed that job duties are properly segregated such that:
 - At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.

Procedure Results – We noted instances where only one employee is involved in initiating a purchase request, approving a purchase and placing an order/making the purchase.

10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, and obtained supporting documentation for each transaction and:
 - We observed that the disbursement matched the related original itemized invoice and that documentation indicates that deliverables included on the invoice were received by the entity.
 - We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedure Results – In the sample of five transactions selected for testing, we noted that one transaction did not have evidence of purchase approval.

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

11. We obtained 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. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:
 - We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.

Procedure Results – In the sample of three statements selected for testing, we noted that one statement included late fees.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required amount transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (1) an original itemized receipt that identified 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, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedure Results – In the sample of 22 transactions selected for testing, we noted multiple instances of lack of documentation of the public purpose for the purchases. We further noted two transactions for which there was no documentation of the names of individuals participating in meal charges.

Travel and Expense Reimbursement

14. We obtained 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. We randomly selected five reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:
 - If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results – We noted no exceptions in this category.

Contracts

15. We obtained 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.
16. We obtained management's representation that the listing is complete. We randomly selected the required amount of contracts (up to five) from the listing, excluding our contract, and:
 - We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - We observed that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
 - We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure Results – We noted no exceptions in this category.

Payroll and Personnel

17. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected five employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
18. We randomly selected one pay period during the fiscal period. For the five employees/officials selected under #16 above, we obtained attendance and leave documentation for the pay period, and:
 - We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- We observed that the rate paid to the employees or officials agree to the authorized salary/pay rate found with the personnel file.

Procedure Results – Of the five employees selected for testing, there was no evidence of supervisor approval on the attendance and leave documentation.

19. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management’s termination payment calculations and the entity policy on termination payments. If applicable, we agreed the hours to the employees or officials’ cumulative leave records, and the pay rates to the employee or officials’ authorized pay rates in the employee or officials’ personnel files, and the termination payment to entity policy.

Procedure Results – There were no termination payments made in the current year.

20. We obtained management’s representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, workers’ compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Procedure Results – Management represented that all third-party payroll related amounts were paid and the associated forms were filed by required deadlines.

Ethics

21. Using the five randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, we obtained ethics compliance documentation from management, and:

- We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Procedure Results – For the five employees/officials selected for testing, we noted that two employees failed to complete ethics training during the fiscal period.

Debt Service

22. We obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. We selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each bond/note issued.
23. We obtained a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. We randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

Procedure Results – Not applicable due to no debt service.

Fraud Notice

24. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the District attorney of the parish in which the entity is domiciled.
25. We observed whether 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.

Procedure Results – We noted no exceptions.

Information Technology Disaster Recovery/Business Continuity

26. We performed the following procedures:
- We obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on the physical medium (e.g., tapes, CDs), we observed that backups are encrypted before being transported.
 - We obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - We obtained a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed 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.

Procedure Results – We performed the procedures and discussed the results with management.

Sexual Harassment

27. We randomly selected the employees/officials from procedure #16 under "Payroll and Personnel" above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Procedure Results – Management was unable to provide documentation of completion of the required sexual harassment training for the five employees/officials selected for testing.

28. We observed that the entity has posted its sexual harassment policy and complaint procedures on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Procedure Results – There was no posting of the Village's sexual harassment policy.

29. We obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that it includes the applicable requirements of R.S. 42:344:

- Number and percentage of public servants in the agency who have completed the training requirements;
- Number of sexual harassment complaints received by the agency;
- Number of complaints which resulted in a finding that sexual harassment occurred;
- Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- Amount of time it took to resolve each complaint.

Procedure Results – The Village was not aware of this reporting requirement.

We were engaged by the Village to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

June 15, 2023

VILLAGE OF CONVERSE, LOUISIANA

P. O. Box 40
Converse, LA 71419

June 15, 2023

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

Re: Village of Converse, Louisiana
Statewide Agreed-Upon Procedures
December 31, 2022

The following is our response to the exceptions to the Statewide Agreed-Upon Procedures performed by the firm Thomas, Cunningham, Broadway & Todtenbier, Certified Public Accountants, for the year ended December 31, 2022.

Written Policies and Procedures

The Village has obtained copies of sample policies and procedures, and is in the process of developing written policies and procedures for each of the following financial/business functions:

- Budgeting
- Purchasing
- Disbursements
- Receipts/Collections
- Payroll/Personnel
- Contracting
- Credit Cards
- Travel and Reimbursement
- Ethics
- Information Technology, Disaster Recovery/Business Continuity
- Sexual Harassment

Although the Village does not have complete written policies for the above functions, the Village is organized under the Lawrason Act and follows the applicable laws outlined in the Louisiana Compliance Questionnaire regarding the Public Bid Law, Code of Ethics, Local Government Budget Act, auditing requirements, Open Meetings Law, Asset Management Laws, as well as other regulatory requirements.

Collections

The Village does not have an adequate number of employees to separate the responsibilities of collecting cash, making deposits and recording related transactions. The Village is in the process of developing mitigating internal control procedures. The Village does not feel it necessary to make bank deposits every day, but will continue to monitor its controls and procedures to ensure the safeguarding of the funds from the date of collection until deposit.

Non-Payroll Disbursements

The Village does not utilize a purchase order or equivalent system; however, the Village has begun the process of designing and implementing written procedures that ensure the proper initiation and approval for all purchases.

The Village will design and implement procedures that ensure the proper initiation and approval for all purchases. The Village requires dual signatures on all disbursements and the final authorization for disbursements is the responsibility of the Mayor, who does not initiate or record purchases.

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

The Village will design and implement procedures that ensure that monthly credit card statements are approved by someone other than the authorized card holder. The newly established credit card policy and procedures will dictate that statements are made timely so as to avoid late charges.

The new credit card policy will include the requirement and guidelines for documentation of the public purpose for each purchase, as well as the names of individuals participating in meals.

Payroll and Personnel

The Village will design and implement procedures to provide written documentation of supervisor approval of all attendance and leave requests.

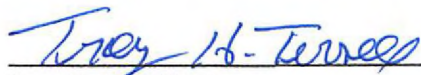
Ethics

The Village will develop an updated policy and procedure to ensure compliance and documentation of the ethics training for all officials and employees, including maintaining a calendar and reminder system for this purpose.


Sexual Harassment

The Village will implement procedures to include the sexual harassment training for all officials and employees, and will complete the required annual sexual harassment report on or before February 1 of each year.

Sincerely,



Troy H. Terrell, Mayor



Alderman