

VILLAGE OF MORSE, LOUISIANA

Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

The Honorable Ray Richard, Mayor
and Members of the Board of Aldermen
Village of Morse, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Morse, Louisiana (the "Village"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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.

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village’s basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of the Village of Morse, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village’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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 31, 2023

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BASIC FINANCIAL STATEMENTS

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

VILLAGE OF MORSE, LOUISIANA

Statement of Net Position
June 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 133,746	\$ 15,459	\$ 149,205
Receivables, net	17,541	15,687	33,228
Internal balances	(52,644)	52,644	-
Prepaid expenses	5,733	-	5,733
Capital assets:			
Non depreciable	60,531	53,350	113,881
Depreciable, net	<u>1,146,246</u>	<u>1,562,655</u>	<u>2,708,901</u>
Total assets	<u>1,311,153</u>	<u>1,699,795</u>	<u>3,010,948</u>
LIABILITIES			
Accounts and other payables	4,655	23,069	27,724
Due to other governmental units	5,542	-	5,542
Long-term liabilities:			
Due within one year	<u>983</u>	<u>8,800</u>	<u>9,783</u>
Total liabilities	<u>11,180</u>	<u>31,869</u>	<u>43,049</u>
NET POSITION			
Net investment in capital assets	1,205,794	1,607,205	2,812,999
Unrestricted	<u>94,179</u>	<u>60,721</u>	<u>154,900</u>
Total net position	<u>\$ 1,299,973</u>	<u>\$ 1,667,926</u>	<u>\$ 2,967,899</u>

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

VILLAGE OF MORSE, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2023

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 211,899	\$ 34,783	\$ 148,552	\$ (28,564)	\$ -	\$ (28,564)
Public safety:						
Police	8,065	6,171	-	(1,894)	-	(1,894)
Public works	9,122	-	88,300	79,178	-	79,178
Interest on long-term debt	115	-	-	(115)	-	(115)
Total governmental activities	<u>229,201</u>	<u>40,954</u>	<u>236,852</u>	<u>48,605</u>	<u>-</u>	<u>48,605</u>
Business-type activities:						
Water	158,357	136,887	187,275	-	165,805	165,805
Sewer	236,234	144,684	-	-	(91,550)	(91,550)
Interest on long-term debt	871	-	-	-	(871)	(871)
Total business-type activities	<u>395,462</u>	<u>281,571</u>	<u>187,275</u>	<u>-</u>	<u>73,384</u>	<u>73,384</u>
Total primary government	<u>\$ 624,663</u>	<u>\$ 322,525</u>	<u>\$ 424,127</u>	<u>48,605</u>	<u>73,384</u>	<u>121,989</u>
General revenues:						
Taxes -						
Property taxes, levied for general purposes				12,237	-	12,237
Sales and use taxes, levied for general purposes				66,195	-	66,195
Franchise taxes				38,897	-	38,897
Grants and contributions not restricted to specific programs -						
State sources				3,527	-	3,527
Miscellaneous				9,088	-	9,088
Transfers				(182,488)	182,488	-
Total general revenues				<u>(52,544)</u>	<u>182,488</u>	<u>129,944</u>
Changes in net position				(3,939)	255,872	251,933
Net position, beginning				<u>1,303,912</u>	<u>1,412,054</u>	<u>2,715,966</u>
Net position, ending				<u>\$ 1,299,973</u>	<u>\$ 1,667,926</u>	<u>\$ 2,967,899</u>

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

FUND FINANCIAL STATEMENTS (FFS)

VILLAGE OF MORSE, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2023

	General	Municipal Infrastructure Fund	Total
	<u>General</u>	<u>Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 91,238	\$ 42,508	\$ 133,746
Receivables:			
Taxes	17,541	-	17,541
Prepaid expenses	<u>5,733</u>	<u>-</u>	<u>5,733</u>
Total assets	<u>\$ 114,512</u>	<u>\$ 42,508</u>	<u>\$ 157,020</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,113	\$ -	\$ 4,113
Accrued liabilities	542	-	542
Due to other governmental units	5,542	-	5,542
Due to other funds	<u>52,644</u>	<u>-</u>	<u>52,644</u>
Total liabilities	<u>62,841</u>	<u>-</u>	<u>62,841</u>
Fund balances:			
Nonspendable - prepaid expenses	5,733	-	5,733
Assigned - grants	1,000	-	1,000
Unassigned	<u>44,938</u>	<u>42,508</u>	<u>87,446</u>
Total fund balances	<u>51,671</u>	<u>42,508</u>	<u>94,179</u>
Total liabilities and fund balances	<u>\$ 114,512</u>	<u>\$ 42,508</u>	<u>\$ 157,020</u>

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

VILLAGE OF MORSE, LOUISIANA

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

Total fund balances for governmental funds	\$ 94,179
Capital assets, net	1,206,777
Long-term liabilities:	
Capital lease payable	<u>(983)</u>
Total net position of governmental activities	<u>\$ 1,299,973</u>

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

VILLAGE OF MORSE, LOUISIANA

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

	General	Municipal Infrastructure Fund	Total
Revenues:			
Taxes	\$ 117,329	\$ -	\$ 117,329
Licenses and permits	34,783	-	34,783
Intergovernmental revenues	91,827	148,552	240,379
Fines	6,171	-	6,171
Miscellaneous	9,088	-	9,088
Total revenues	<u>259,198</u>	<u>148,552</u>	<u>407,750</u>
Expenditures:			
Current -			
General government	150,511	-	150,511
Public safety -			
Police	7,075	-	7,075
Public works	5,898	3,224	9,122
Capital outlay	-	19,721	19,721
Debt service -			
Principal paid	1,115	-	1,115
Interest expense	115	-	115
Total expenditures	<u>164,714</u>	<u>22,945</u>	<u>187,659</u>
Excess of revenues over expenditures	<u>94,484</u>	<u>125,607</u>	<u>220,091</u>
Other financing sources (uses):			
Transfers in	16,650	-	16,650
Transfers out	<u>(115,865)</u>	<u>(83,273)</u>	<u>(199,138)</u>
Total other financing sources (uses)	<u>(99,215)</u>	<u>(83,273)</u>	<u>(182,488)</u>
Net change in fund balances	(4,731)	42,334	37,603
Fund balances, beginning	<u>56,402</u>	<u>174</u>	<u>56,576</u>
Fund balances, ending	<u>\$ 51,671</u>	<u>\$ 42,508</u>	<u>\$ 94,179</u>

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

VILLAGE OF MORSE, LOUISIANA

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

Net changes in fund balances of governmental funds		\$ 37,603
Capital assets:		
Capital outlay	\$ 19,721	
Depreciation expense	<u>(62,378)</u>	(42,657)
Principal paid on lease		<u>1,115</u>
Change in net position of governmental activities		<u>\$ (3,939)</u>

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

VILLAGE OF MORSE, LOUISIANA

Statement of Net Position
 Proprietary Funds
 June 30, 2023

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Total
ASSETS			
Current assets:			
Cash	\$ 6,753	\$ 8,706	\$ 15,459
Receivables -			
Accounts, net	2,698	4,876	7,574
Unbilled utility receivables	3,762	4,351	8,113
Due from other funds	21,672	30,972	52,644
Total current assets	<u>34,885</u>	<u>48,905</u>	<u>83,790</u>
Noncurrent assets:			
Capital assets -			
Land and construction in progress	13,000	40,350	53,350
Capital assets, net	847,300	715,355	1,562,655
Total noncurrent assets	<u>860,300</u>	<u>755,705</u>	<u>1,616,005</u>
Total assets	<u>895,185</u>	<u>804,610</u>	<u>1,699,795</u>
LIABILITIES			
Current liabilities:			
Accounts payable	18,720	4,349	23,069
Lease payable	8,800	-	8,800
Total liabilities	<u>27,520</u>	<u>4,349</u>	<u>31,869</u>
NET POSITION			
Net investment in capital assets	851,500	755,705	1,607,205
Unrestricted	16,165	44,556	60,721
Total net position	<u>\$ 867,665</u>	<u>\$ 800,261</u>	<u>\$ 1,667,926</u>

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

VILLAGE OF MORSE, LOUISIANA

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

	Enterprise Funds		Totals
	Water Utility Fund	Sewer Utility Fund	
Operating revenues:			
Charges for services	\$ 130,518	\$ 139,611	\$ 270,129
Other	6,369	5,073	11,442
Total operating revenues	<u>136,887</u>	<u>144,684</u>	<u>281,571</u>
Operating expenses:			
Payroll	33,737	41,304	75,041
Insurance	12,821	5,685	18,506
Utilities and telephone	21,797	26,735	48,532
Repairs and maintenance	16,764	59,678	76,442
Plant supplies	4,245	13,856	18,101
Legal and professional	10,425	5,200	15,625
Engineering fees	-	1,024	1,024
Office supplies and expense	3,059	5,311	8,370
Inspection and testing	25	-	25
Chemicals	13,782	8,965	22,747
Bad debt expense	569	707	1,276
Depreciation	36,645	58,559	95,204
Other	4,488	9,210	13,698
Total operating expenses	<u>158,357</u>	<u>236,234</u>	<u>394,591</u>
Operating loss	(21,470)	(91,550)	(113,020)
Non-operating expense:			
Interest expense	<u>(871)</u>	<u>-</u>	<u>(871)</u>
Loss before transfers and capital contributions	(22,341)	(91,550)	(113,891)
Capital contributions	187,275	-	187,275
Transfers in	66,426	127,935	194,361
Transfers out	<u>(4,029)</u>	<u>(7,844)</u>	<u>(11,873)</u>
Change in net position	227,331	28,541	255,872
Net position, beginning	<u>640,334</u>	<u>771,720</u>	<u>1,412,054</u>
Net position, ending	<u>\$ 867,665</u>	<u>\$ 800,261</u>	<u>\$ 1,667,926</u>

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

VILLAGE OF MORSE, LOUISIANA

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

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Totals
Cash flows from operating activities:			
Receipts from customers	\$ 128,670	\$ 136,934	\$ 265,604
Payments to suppliers	(76,210)	(132,022)	(208,232)
Payments to employees	(33,737)	(41,304)	(75,041)
Other receipts	<u>6,369</u>	<u>5,073</u>	<u>11,442</u>
Net cash provided (used) by operating activities	<u>25,092</u>	<u>(31,319)</u>	<u>(6,227)</u>
Cash flows from noncapital financing activities:			
Transfers from (to) other funds	<u>62,397</u>	<u>120,091</u>	<u>182,488</u>
Cash flows from capital and related financing activities:			
Capital contributions	187,275	-	187,275
Principal paid on capital lease	(13,697)	-	(13,697)
Interest and fiscal charges paid on debt	(871)	-	(871)
Acquisition of property, plant, and equipment	<u>(255,191)</u>	<u>(82,040)</u>	<u>(337,231)</u>
Net cash used by capital and related financing activities	<u>(82,484)</u>	<u>(82,040)</u>	<u>(164,524)</u>
Net increase in cash and cash equivalents	5,005	6,732	11,737
Cash and cash equivalents, beginning of period	<u>1,748</u>	<u>1,974</u>	<u>3,722</u>
Cash and cash equivalents, end of period	<u>\$ 6,753</u>	<u>\$ 8,706</u>	<u>\$ 15,459</u>

(continued)

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

VILLAGE OF MORSE, LOUISIANA

Statement of Cash Flows (Continued)

Proprietary Funds

Year Ended June 30, 2023

	Enterprise Funds		
	Water Utility Fund	Sewer Utility Fund	Totals
Reconciliation of operating loss to net cash provided by operating activities:			
Operating loss	\$ (21,470)	\$ (91,550)	\$(113,020)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	36,645	58,559	95,204
Changes in current assets and current liabilities:			
Accounts receivable, net	(1,039)	(1,429)	(2,468)
Unbilled services receivable	(809)	(1,248)	(2,057)
Accounts payable	11,765	4,349	16,114
Net cash provided (used) by operating activities	<u>\$ 25,092</u>	<u>\$ (31,319)</u>	<u>\$ (6,227)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period	\$ 1,748	\$ 1,974	\$ 3,722
Cash and cash equivalents, end of period	<u>6,753</u>	<u>8,706</u>	<u>15,459</u>
Net increase in cash and cash equivalents	<u>\$ 5,005</u>	<u>\$ 6,732</u>	<u>\$ 11,737</u>

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Morse (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Morse (Village) was incorporated in 1906 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides services and authorized by its charter; public safety, public works, public improvements, planning and zoning, and general and administrative services. The Village also operates two enterprise activities which provide water and sewer services.

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

Based on the foregoing criteria, the Village does not have any component units, nor is it considered to be a component unit of any other government.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

Fund Financial Statements

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

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

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

The major 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 that are required to be accounted for in another fund.

Capital Projects Fund -

The Municipal Infrastructure Fund is used to account for the collection and disbursement of federal funds from the American Rescue Plan Act to provide relief from COVID-19 crisis.

Proprietary Funds -

Enterprise Funds

Enterprise funds are 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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

capital maintenance, public policy, management control, accountability, or other purposes. The Village of Morse's enterprise funds are the Water Utility Fund and Sewer Utility Fund.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village on September 1 and are actually billed to taxpayers in November. The taxes are generally collected in December of the current year and January and February of the subsequent year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

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

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

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

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's water and sewer utility service receivables as their major receivables. Uncollectible amounts due for customers' water and sewer utility receivables are recognized as bad debts at the time information becomes available which would indicate the collectability of the particular receivable. The allowance for uncollectible customers' water and sewer utility receivables

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

were \$10,027 and \$12,461, respectively, at June 30, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Buildings and improvements	7-40 years
Infrastructure	20-40 years
Water system	5-50 years
Sewer system	10-50 years
Equipment, furniture and fixtures	5-20 years
Vehicles	5 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.

Long-term debt

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

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

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

Compensated Absences

Village employees are allowed one week of vacation after being employed for one year. Vacation must be used by December 31 of the current year. There is no sick leave policy. Therefore, there are no accumulations of such absences to be accrued as a liability in the financial statements.

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any related bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village’s Mayor and Board or Aldermen, which is the highest level of decision-making authority for the Village.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes determined by a formal decision of the Village’s Mayor and Board of Aldermen.

Unassigned – all other spendable amounts.

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Grants	Purpose of grantor

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

G. Interest Expense

Total interest incurred and expensed for the year ending June 30, 2023, for the proprietary fund and business-type activities was \$871.

The interest incurred and expensed for the year ended June 30, 2023, for the governmental funds and the governmental activities was \$115.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

(3) Sales Taxes

Proceeds of the 1% sales and use tax levied by the Village are accounted for in the General Fund and are to be used for any lawful corporate purpose as authorized by the May 3, 2003 election.

(4) Receivables

Receivables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Taxes	\$ 17,541	\$ -	\$ 17,541
Accounts	-	7,574	7,574
Unbilled utility	-	8,113	8,113
Total	<u>\$ 17,541</u>	<u>\$ 15,687</u>	<u>\$ 33,228</u>

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

(5) Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 60,531	\$ -	\$ -	\$ 60,531
Construction in progress	<u>16,650</u>	<u>-</u>	<u>16,650</u>	<u>-</u>
Total capital assets not being depreciated	<u>77,181</u>	<u>-</u>	<u>16,650</u>	<u>60,531</u>
Capital assets being depreciated:				
Buildings and improvements	808,198	-	-	808,198
Infrastructure	1,056,917	-	-	1,056,917
Equipment, furniture, and fixtures	101,313	36,371	-	137,684
Vehicles	75,266	-	-	75,266
Leased equipment	<u>5,423</u>	<u>-</u>	<u>-</u>	<u>5,423</u>
Total capital assets being depreciated	<u>2,047,117</u>	<u>36,371</u>	<u>-</u>	<u>2,083,488</u>
Less accumulated depreciation:				
Buildings and improvements	361,078	13,772	-	374,850
Infrastructure	377,964	39,520	-	417,484
Equipment, furniture, and fixtures	62,917	7,244	-	70,161
Vehicles	71,233	1,300	-	72,533
Leased equipment	<u>1,672</u>	<u>542</u>	<u>-</u>	<u>2,214</u>
Total accumulated depreciation	<u>874,864</u>	<u>62,378</u>	<u>-</u>	<u>937,242</u>
Total assets being depreciated, net	<u>1,172,253</u>	<u>(26,007)</u>	<u>-</u>	<u>1,146,246</u>
Governmental activities, capital assets, net	<u>\$ 1,249,434</u>	<u>\$ (26,007)</u>	<u>\$ 16,650</u>	<u>\$ 1,206,777</u>

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

	Balance Beginning	Additions	Deletions	Balance Ending
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 13,000	\$ -	\$ -	\$ 13,000
Land - sewer system	40,350	-	-	40,350
Construction in progress - water	<u>29,571</u>	<u>-</u>	<u>29,571</u>	<u>-</u>
Total capital assets not being depreciated	<u>82,921</u>	<u>-</u>	<u>29,571</u>	<u>53,350</u>
Capital assets being depreciated:				
Water system	1,266,247	284,762	-	1,551,009
Sewer system	1,828,676	82,040	-	1,910,716
Machinery and equipment - water	43,918	-	-	43,918
Leased equipment - water	<u>37,417</u>	<u>-</u>	<u>-</u>	<u>37,417</u>
Total capital assets being depreciated	<u>3,176,258</u>	<u>366,802</u>	<u>-</u>	<u>3,543,060</u>
Less accumulated depreciation:				
Water system	718,986	29,763	-	748,749
Sewer system	1,136,803	58,559	-	1,195,362
Machinery and equipment - water	24,738	3,140	-	27,878
Leased equipment	<u>4,674</u>	<u>3,742</u>	<u>-</u>	<u>8,416</u>
Total accumulated depreciation	<u>1,885,201</u>	<u>95,204</u>	<u>-</u>	<u>1,980,405</u>
Total assets being depreciated, net	<u>1,291,057</u>	<u>271,598</u>	<u>-</u>	<u>1,562,655</u>
Business-type activities, capital assets, net	<u>\$ 1,373,978</u>	<u>\$ 271,598</u>	<u>\$ 29,571</u>	<u>\$ 1,616,005</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 61,388
Police	<u>990</u>
Total depreciation expense	<u>\$ 62,378</u>

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

Water	\$ 36,645
Sewer	<u>58,559</u>
Total depreciation expense	<u>\$ 95,204</u>

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

(6) Accounts and other payables

The accounts and other payables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 4,113	\$ 23,069	\$ 27,182
Other liabilities	<u>542</u>	<u>-</u>	<u>542</u>
Totals	<u>\$ 4,655</u>	<u>\$ 23,069</u>	<u>\$ 27,724</u>

(7) Leases

In May 2019, the Village entered into a lease agreement for 60 months at a fixed interest rate of 5.25% for the acquisition of a John Deere Mower. In February 2021, the Village leased equipment with a term of 36 months at a fixed interest rate of 4.95%.

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>2024</u>	<u>983</u>	<u>50</u>	<u>8,800</u>	<u>164</u>

Lease assets are reported with capital assets on the statement of net position.

(8) Interfund Transactions

Interfund receivables and payables consisted of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 52,644
Water Utility Fund	21,672	-
Sewer Utility Fund	<u>30,972</u>	<u>-</u>
Total	<u>\$ 52,644</u>	<u>\$ 52,644</u>

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

VILLAGE OF MORSE, LOUISIANA

Notes to the Basic Financial Statements

Interfund transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 16,650	\$ 115,865
American Rescue Plan Act Fund	-	83,273
Water Utility Fund	66,426	4,029
Sewer Utility Fund	<u>127,935</u>	<u>7,844</u>
Total	<u>\$ 211,011</u>	<u>\$ 211,011</u>

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

(9) Risk Management

The Village is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage during the year.

(10) Litigation and Claims

The Village is not involved in any lawsuits as of June 30, 2023.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF MORSE, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 100,000	\$ 117,000	\$ 117,329	\$ 329
Licenses and permits	28,300	32,300	34,783	2,483
Intergovernmental	6,700	84,500	91,827	7,327
Fines and forfeits	25,000	6,000	6,171	171
Miscellaneous	<u>25,800</u>	<u>7,500</u>	<u>9,088</u>	<u>1,588</u>
Total revenues	<u>185,800</u>	<u>247,300</u>	<u>259,198</u>	<u>11,898</u>
Expenditures:				
Current -				
General government	162,400	172,800	150,511	22,289
Public safety	7,500	6,000	7,075	(1,075)
Public works	12,000	12,000	5,898	6,102
Capital outlay	20,000	93,000	-	93,000
Debt service -				
Principal paid	13,000	5,500	1,115	4,385
Interest expense	<u>1,500</u>	<u>-</u>	<u>115</u>	<u>(115)</u>
Total expenditures	<u>216,400</u>	<u>289,300</u>	<u>164,714</u>	<u>124,586</u>
Deficiency of revenues over expenditures	<u>(30,600)</u>	<u>(42,000)</u>	<u>94,484</u>	<u>136,484</u>
Other financing sources (uses):				
Proceeds from sale of assets	-	4,063	-	(4,063)
Transfers in	-	-	16,650	16,650
Transfers out	<u>-</u>	<u>-</u>	<u>(115,865)</u>	<u>(115,865)</u>
Total other financing sources (uses)	<u>-</u>	<u>4,063</u>	<u>(99,215)</u>	<u>(103,278)</u>
Net change in fund balance	(30,600)	(37,937)	(4,731)	33,206
Fund balance, beginning	<u>56,402</u>	<u>56,402</u>	<u>56,402</u>	<u>-</u>
Fund balance, ending	<u>\$ 25,802</u>	<u>\$ 18,465</u>	<u>\$ 51,671</u>	<u>\$ 33,206</u>

VILLAGE OF MORSE, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to June 30, the Village Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

SUPPLEMENTARY INFORMATION

VILLAGE OF MORSE, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Ray Richard, Mayor
Year Ended June 30, 2023

Salary

\$ 480

VILLAGE OF MORSE, LOUISIANA

Schedule of Compensation
Board of Alderman
Year Ended June 30, 2023

Alderman:

Eric Primeaux (July 1 - December 31)	\$ 240
Dale Louvierre	480
Ross Trahan	480
Steven Kibodeaux (January 1 - present)	<u>240</u>
	<u>\$ 1,440</u>

VILLAGE OF MORSE, LOUISIANA

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

	First Six Month Period Ended <u>12/31/2022</u>	Second Six Month Period Ended <u>6/30/2023</u>
Beginning Balance of Amounts Collected	\$ -	\$ 23
Add: Collections -		
Criminal Court Costs/Fees	150	452
Criminal Fines - Other	<u>1,045</u>	<u>4,867</u>
Subtotal Collections	<u>1,195</u>	<u>5,319</u>
Less: Disbursements to Governments and Nonprofits -		
Acadiana Crime Stoppers	4	18
Acadiana Criminalistics Lab	90	270
Louisiana Commission on Law Enforcement - Criminal Fines	25	70
Louisiana State Treasurer CMIS - Criminal Fines	1	11
LA Dept of Health & Hospitals THI/SCI - Criminal Fines	5	40
LA Association of Chiefs of Police	2	5
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines Other	<u>1,045</u>	<u>4,867</u>
Subtotal Disbursements/Retainage	<u>1,172</u>	<u>5,281</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 23</u>	<u>\$ 61</u>

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OTHER INFORMATION

VILLAGE OF MORSE, LOUISIANA
Enterprise Funds
Utility Funds

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

	Water Utility Fund		Sewer Utility Fund		Total	
	2023	2022	2023	2022	2023	2022
Operating revenue:						
Charges for services	\$ 130,518	\$ 117,867	\$ 139,611	\$ 117,877	\$ 270,129	\$ 235,744
Other	6,369	4,262	5,073	4,085	11,442	8,347
Total operating revenues	<u>136,887</u>	<u>122,129</u>	<u>144,684</u>	<u>121,962</u>	<u>281,571</u>	<u>244,091</u>
Operating expenses:						
Salaries	33,737	36,805	41,304	33,396	75,041	70,201
Payroll taxes	-	2,981	-	2,828	-	5,809
Insurance	12,821	6,700	5,685	4,689	18,506	11,389
Utilities and telephone	21,797	24,490	26,735	14,416	48,532	38,906
Repairs and maintenance	16,764	9,851	59,678	6,392	76,442	16,243
Plant supplies	4,245	5,016	13,856	7,736	18,101	12,752
Legal and professional	10,425	14,608	5,200	9,143	15,625	23,751
Engineering fees	-	4,595	1,024	11,123	1,024	15,718
Office supplies and expense	3,059	4,821	5,311	2,138	8,370	6,959
Inspection and testing	25	-	-	-	25	-
Chemicals	13,782	11,355	8,965	4,545	22,747	15,900
Bad debt expense	569	-	707	-	1,276	-
Depreciation	36,645	29,719	58,559	55,168	95,204	84,887
Other	4,488	1,592	9,210	5,306	13,698	6,898
Total operating expenses	<u>158,357</u>	<u>152,533</u>	<u>236,234</u>	<u>156,880</u>	<u>394,591</u>	<u>309,413</u>
Operating loss	<u>\$ (21,470)</u>	<u>\$ (30,404)</u>	<u>\$ (91,550)</u>	<u>\$ (34,918)</u>	<u>\$ (113,020)</u>	<u>\$ (65,322)</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Ray Richard, Mayor
and Members of the Board of Aldermen
Village of Morse, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Morse, Louisiana (the “Village”) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements and have issued our report thereon dated October 31, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying summary schedule of current and prior year audit findings and management’s corrective action plan as items 2023-001 through 2023-002 to be material weaknesses.

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 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year findings and management's corrective action plan as item 2023-003.

The Village of Morse, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 31, 2023

VILLAGE OF MORSE, LOUISIANA

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

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

A. Internal Control Finding Over Financial Reporting

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

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

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

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

RECOMMENDATION: The Village should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but is cost prohibitive. All efforts are given to segregate duties where feasible.

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

Fiscal year finding initially occurred: Unknown

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

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

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

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

VILLAGE OF MORSE, LOUISIANA

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

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

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

B. Compliance and other matters

2023-003 Budget Noncompliance

Fiscal year finding initially occurred: 2023

CONDITION: Public was not afforded the opportunity to participate in the budget process prior to the adoption of the budget as a public hearing was not held. In addition, there was no publication made noting that the budget was available for public inspection prior to the beginning of the fiscal year.

CRITERIA: As per LSA-RS 39:1306-1307, a notice stating that the proposed budget is available for public inspection and the date, time, and location of the public hearing shall be published at least ten days prior to the date of the first public hearing. "No proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted."

CAUSE: The cause is a result of failure to hold a public hearing and to publish the required notifications for adoption of the budgets to allow the public an opportunity to participate in the budget process.

EFFECT: The Village is in violation of R.S. 39:1306-1307.

RECOMMENDATION: Management should make sure to hold public hearings as required by R.S. 1306-1307 with regards to budget adoption to afford the public an opportunity to participate in the budget process.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will ensure that a public hearing is held prior to adoption of the 2024 budget to allow the public an opportunity to participate in adopting the budget.

VILLAGE OF MORSE, LOUISIANA

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

Part II. Prior Year Findings

A. Internal Control Finding Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

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

RECOMMENDATION: The Village should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2023-001.

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

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

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

CURRENT STATUS: Unresolved. See finding 2023-002.

B. Compliance and other matters

None reported.

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MANAGEMENT LETTER

The Honorable Ray Richard, Mayor
and Members of the Board of Aldermen
Village of Morse, Louisiana

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

The Water Utility and Sewer Utility Funds experienced operating losses of \$21,470 and \$91,550 respectively during the current year. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 31, 2023

VILLAGE OF MORSE

Morse, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2022 through June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Mayor
and Members of the Board of Alderman
and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- h) **Credit Cards (and debit cards, fuel cards, purchase cards)**, 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).
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - a) Employees responsible for cash collections do not share cash drawers/registers;
 - b) Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedures #3 (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
 - 9. For each location selected under procedure #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - b) At least two employees are involved in processing and approving payments to vendors;
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- [Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
 - a) Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
 - 11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

15. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures (procedure #1g); and
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

16. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
 - a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - c) If the contract was amended (e.g., change order), observe 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, the documented approval); and
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Ethics

21. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17 obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - b. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Debt Service

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

Fraud Notice

25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
26. Observe that the entity has posted on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Prevention of Sexual Harassment

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #17, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S 42:343.
30. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Findings:

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

Policies and Procedures:

The Village does not have written policies and procedures addressing how vendors are added to the vendor list.

The Village's policies and procedures do not include the requirement that all employees, including elected officials, verify annually through signature that they have read the Village's ethics policy.

The Village does not have written policies and procedures addressing periodic testing/verification that backups can be restored, the use of antivirus software on all systems, timely application of available system and software patches/updates.

The Village does not have written policies and procedures requiring annual sexual harassment employee training and annual reporting.

Board Minutes

Board minutes do not reference or include monthly budget-to-actual comparisons for the general fund and quarterly budget-to actual on the sewer/water funds.

Cash Collections:

One of two employees responsible for collecting cash is also responsible for making bank deposits, posting general ledger entries, and reconciling cash collections to the general ledger.

One employee with access to cash is not listed on the Village's bonded insurance policy.

The Village does not use pre-numbered or sequentially numbered receipts.

Four of the ten deposits tested were not deposited within one business day of receipt.

Disbursements:

The employee responsible for processing payments adds/modifies vendor files and mails payments.

Ethics:

One employee of the five tested did not have documentation of completion of the one hour ethics training.

Information Technology Disaster Recovery/Business Continuity:

The Village did not backup its critical data.

Prevention of Sexual Harassment:

One employee of the five tested did not have documentation of completion of the one hour sexual harassment training.

Management's Response:

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

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
October 31, 2023