

**VILLAGE OF HESSMER, LOUISIANA**

Financial Report

Year Ended August 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mark Jeansonne, Mayor  
and Members of the Board of Aldermen  
Village of Hessmer, Louisiana

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Hessmer, Louisiana (“the Village”), as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Hessmer, Louisiana, as of August 31, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis 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 fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement 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 judgement 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 judgement, 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**

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

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 36 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hessmer, Louisiana's basic financial statements. The accompanying justice system funding schedule – collecting/disbursing entity and LCDBG program financial statements on pages 45 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the justice system funding schedule – collecting/disbursing entity and the LCDBG program financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules on pages 41 through 44 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exist 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 February 24, 2023, on our consideration of the Village of Hessmer, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hessmer, Louisiana’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Hessmer, Louisiana’s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
February 24, 2023

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT WIDE  
FINANCIAL STATEMENTS (GWFS)**



VILLAGE OF HESSMER, LOUISIANA

Statement of Net Position  
August 31, 2022

	Governmental Activities	Business-Type Activities	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and interest bearing deposits	\$ 132,156	\$ 169,513	\$ 301,669
Receivables, net	9,511	54,619	64,130
Internal balances	(37,443)	37,443	-
Due from other governmental agencies	3,363	20,579	23,942
Inventories, at cost	-	21,846	21,846
Restricted assets:			
Cash and interest bearing deposits	-	113,950	113,950
Capital assets:			
Non depreciable capital assets	57,000	250,952	307,952
Depreciable capital assets, net	<u>331,949</u>	<u>1,829,001</u>	<u>2,160,950</u>
Total assets	<u>496,536</u>	<u>2,497,903</u>	<u>2,994,439</u>
<b>LIABILITIES</b>			
Accounts payable	15,570	13,364	28,934
Retainage payable	-	17,828	17,828
Accrued interest	-	2,349	2,349
Customers deposits payable	-	104,969	104,969
Long-term liabilities:			
Portion due within one year-			
Bonds payable	-	22,000	22,000
Portion due after one year-			
Bonds payable	<u>-</u>	<u>774,000</u>	<u>774,000</u>
Total liabilities	<u>15,570</u>	<u>934,510</u>	<u>950,080</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - grant revenues	<u>-</u>	<u>7,376</u>	<u>7,376</u>
<b>NET POSITION</b>			
Net investment in capital assets	388,949	1,283,953	1,672,902
Restricted for:			
Sales tax	78,623	-	78,623
Debt service	-	8,981	8,981
Unrestricted	<u>13,394</u>	<u>263,083</u>	<u>276,477</u>
Total net position	<u>\$ 480,966</u>	<u>\$ 1,556,017</u>	<u>\$ 2,036,983</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Activities  
For the Year Ended August 31, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 147,499	\$ -	\$ -	\$ 13,273	\$ (134,226)	\$ -	\$ (134,226)
Public safety:							
Police	160,432	79,479	6,000	-	(74,953)	-	(74,953)
Fire	20,364	-	-	-	(20,364)	-	(20,364)
Recreation	49,123	-	-	-	(49,123)	-	(49,123)
Public Works	46,136	-	-	-	(46,136)	-	(46,136)
Total governmental activities	<u>423,554</u>	<u>79,479</u>	<u>6,000</u>	<u>13,273</u>	<u>(324,802)</u>	<u>-</u>	<u>(324,802)</u>
Business-type activities:							
Water	548,758	478,192	-	13,871	-	(56,695)	(56,695)
Sewer	138,182	79,636	-	9,038	-	(49,508)	(49,508)
Total business-type activities	<u>686,940</u>	<u>557,828</u>	<u>-</u>	<u>22,909</u>	<u>-</u>	<u>(106,203)</u>	<u>(106,203)</u>
Total	<u>\$ 1,110,494</u>	<u>\$ 637,307</u>	<u>\$ 6,000</u>	<u>\$ 36,182</u>	<u>(324,802)</u>	<u>(106,203)</u>	<u>(431,005)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					25,195	-	25,195
Sales and use taxes, levied for specific purposes					158,567	-	158,567
Franchise taxes					37,622	-	37,622
Intergovernmental					74,919	-	74,919
Licenses and permits					44,116	-	44,116
Interest and investment earnings					-	79	79
Miscellaneous					24,188	-	24,188
Transfers					14,101	(14,101)	-
Total general revenues and transfers					<u>378,708</u>	<u>(14,022)</u>	<u>364,686</u>
Change in net position					53,906	(120,225)	(66,319)
Net position - beginning					<u>427,060</u>	<u>1,676,242</u>	<u>2,103,302</u>
Net position - ending					<u>\$ 480,966</u>	<u>\$ 1,556,017</u>	<u>\$ 2,036,983</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

VILLAGE OF HESSMER, LOUISIANA

Balance Sheet  
Governmental Funds  
August 31, 2022

ASSETS	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Cash and interest bearing deposits	\$ 65,625	\$ 66,531	\$ 132,156
Receivables:			
Taxes	-	9,511	9,511
Due from other governments	3,363	-	3,363
Due from other funds	<u>1,167</u>	<u>2,581</u>	<u>3,748</u>
 Total assets	 <u>\$ 70,155</u>	 <u>\$ 78,623</u>	 <u>\$ 148,778</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 15,570	\$ -	\$ 15,570
Due to other funds	<u>41,191</u>	<u>-</u>	<u>41,191</u>
Total liabilities	<u>56,761</u>	<u>-</u>	<u>56,761</u>
Fund balances:			
Restricted	-	78,623	78,623
Unassigned	<u>13,394</u>	<u>-</u>	<u>13,394</u>
Total fund balances	<u>13,394</u>	<u>78,623</u>	<u>92,017</u>
 Total liabilities and fund balances	 <u>\$ 70,155</u>	 <u>\$ 78,623</u>	 <u>\$ 148,778</u>

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

VILLAGE OF HESSMER, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
August 31, 2022

Total fund balances for governmental funds	\$ 92,017
Capital assets, net	<u>388,949</u>
Net position of governmental activities at August 31, 2022	<u>\$480,966</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended August 31, 2022

	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Revenues:			
Taxes	\$ 62,817	\$ 158,567	\$ 221,384
Licenses and permits	44,116	-	44,116
Intergovernmental	94,192	-	94,192
Fines and forfeits	79,479	-	79,479
Miscellaneous	<u>24,079</u>	<u>109</u>	<u>24,188</u>
Total revenues	<u>304,683</u>	<u>158,676</u>	<u>463,359</u>
Expenditures:			
Current -			
General government	102,626	41,082	143,708
Public safety:			
Police	157,698	-	157,698
Fire	20,364	-	20,364
Recreation	7,536	11,271	18,807
Public works	33,976	250	34,226
Capital outlay	<u>-</u>	<u>30,290</u>	<u>30,290</u>
Total expenditures	<u>322,200</u>	<u>82,893</u>	<u>405,093</u>
Excess (deficiency) of revenues over expenditures	<u>(17,517)</u>	<u>75,783</u>	<u>58,266</u>
Other financing sources (uses):			
Transfers in	20,101	-	20,101
Transfers out	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>
Total other financing sources (uses)	<u>20,101</u>	<u>(6,000)</u>	<u>14,101</u>
Net changes in fund balances	2,584	69,783	72,367
Fund balances, beginning	<u>10,810</u>	<u>8,840</u>	<u>19,650</u>
Fund balances, ending	<u>\$ 13,394</u>	<u>\$ 78,623</u>	<u>\$ 92,017</u>

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

VILLAGE OF HESSMER, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended August 31, 2022

Total net changes in fund balances per statement of revenues, expenditures and changes in fund balances		\$ 72,367
Capital assets:		
Capital outlay	\$ 30,290	
Depreciation expense	<u>(48,751)</u>	<u>(18,461)</u>
Change in net position per statement of activities		<u>\$ 53,906</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Net Position

Proprietary Funds

August 31, 2022

	Water Utility	Sewer Utility	Totals
<b>ASSETS</b>			
Current assets:			
Cash and interest bearing deposits	\$ 122,150	\$ 47,363	\$ 169,513
Accounts receivable	42,010	12,609	54,619
Due from other funds	38,931	23,473	62,404
Due from other governmental agencies	2,751	17,828	20,579
Inventories, at cost	21,846	-	21,846
Total current assets	<u>227,688</u>	<u>101,273</u>	<u>328,961</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest bearing deposits	102,243	11,707	113,950
Capital assets -			
Non depreciable capital assets	-	250,952	250,952
Depreciable capital assets, net	1,692,206	136,795	1,829,001
Total noncurrent assets	<u>1,794,449</u>	<u>399,454</u>	<u>2,193,903</u>
Total assets	<u>\$ 2,022,137</u>	<u>\$ 500,727</u>	<u>\$ 2,522,864</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 13,364	\$ -	\$ 13,364
Retainage payable	-	17,828	17,828
Due to other funds	24,357	604	24,961
Payable from restricted assets -			
Revenue bonds	22,000	-	22,000
Accrued interest payable	2,349	-	2,349
Total current liabilities	<u>62,070</u>	<u>18,432</u>	<u>80,502</u>
Noncurrent liabilities:			
Customers' deposits	93,262	11,707	104,969
Revenue bonds payable	774,000	-	774,000
Total noncurrent liabilities	<u>867,262</u>	<u>11,707</u>	<u>878,969</u>
Total liabilities	<u>929,332</u>	<u>30,139</u>	<u>959,471</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources - grant revenues	7,376	-	7,376
<b>NET POSITION</b>			
Net investment in capital assets	896,206	387,747	1,283,953
Restricted for debt service	8,981	-	8,981
Unrestricted	180,242	82,841	263,083
Total net position	<u>\$ 1,085,429</u>	<u>\$ 470,588</u>	<u>\$ 1,556,017</u>

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



VILLAGE OF HESSMER, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended August 31, 2022

	Water Utility	Sewer Utility	Total
Operating revenues:			
Charges for services	\$ 448,125	\$ 79,636	\$ 527,761
Installation and other charges	<u>30,067</u>	<u>-</u>	<u>30,067</u>
Total operating revenues	<u>478,192</u>	<u>79,636</u>	<u>557,828</u>
Operating expenses:			
Salaries	71,967	7,200	79,167
Payroll taxes	5,505	551	6,056
Depreciation expense	148,096	69,239	217,335
Maintenance and repairs	113,886	23,582	137,468
Supplies	7,758	-	7,758
Legal and professional	26,036	9,200	35,236
Insurance	28,996	2,352	31,348
Fuel and oil	8,084	600	8,684
Chemicals and supplies	65,810	439	66,249
Utilities and telephone	21,290	16,539	37,829
Laboratory testing	964	8,480	9,444
Other	<u>16,895</u>	<u>-</u>	<u>16,895</u>
Total operating expenses	<u>515,287</u>	<u>138,182</u>	<u>653,469</u>
Operating loss	<u>(37,095)</u>	<u>(58,546)</u>	<u>(95,641)</u>
Nonoperating revenues (expenses):			
Federal and state grants	13,871	9,038	22,909
Interest income	66	13	79
Interest expense	<u>(33,471)</u>	<u>-</u>	<u>(33,471)</u>
Total nonoperating revenues (expenses)	<u>(19,534)</u>	<u>9,051</u>	<u>(10,483)</u>
Loss before transfers	(56,629)	(49,495)	(106,124)
Other financing uses:			
Transfers out	<u>(14,101)</u>	<u>-</u>	<u>(14,101)</u>
Change in net position	(70,730)	(49,495)	(120,225)
Net position, beginning	<u>1,156,159</u>	<u>520,083</u>	<u>1,676,242</u>
Net position, ending	<u>\$ 1,085,429</u>	<u>\$ 470,588</u>	<u>\$ 1,556,017</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended August 31, 2022

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 485,312	\$ 81,861	\$ 567,173
Payments to suppliers	(335,957)	(134,182)	(470,139)
Payments to employees	<u>(77,472)</u>	<u>(7,751)</u>	<u>(85,223)</u>
Net cash provided (used) by operating activities	<u>71,883</u>	<u>(60,072)</u>	<u>11,811</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	604	604
Cash paid to other funds	<u>(86,560)</u>	<u>(13,804)</u>	<u>(100,364)</u>
Net cash used by noncapital financing activities	<u>(86,560)</u>	<u>(13,200)</u>	<u>(99,760)</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds	(61,181)	-	(61,181)
Principal paid on bonds	(831,926)	-	(831,926)
Proceeds from grant	22,220	82,028	104,248
Proceeds from issuance of bond	796,000	-	796,000
Acquisition of property, plant and equipment	<u>(25,004)</u>	<u>(44,038)</u>	<u>(69,042)</u>
Net cash provided (used) by capital and related financing activities	<u>(99,891)</u>	<u>37,990</u>	<u>(61,901)</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>66</u>	<u>13</u>	<u>79</u>
Net change in cash and cash equivalents	(114,502)	(35,269)	(149,771)
Cash and cash equivalents, beginning of period	<u>338,895</u>	<u>94,339</u>	<u>433,234</u>
Cash and cash equivalents, end of period	<u>\$ 224,393</u>	<u>\$ 59,070</u>	<u>\$ 283,463</u>

(continued)

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended August 31, 2022

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (37,095)	\$ (58,546)	\$ (95,641)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	148,096	69,239	217,335
Changes in current assets and liabilities:			
Accounts receivable	(3,543)	1,025	(2,518)
Accounts payable	(46,238)	-	(46,238)
Construction payable	-	(73,850)	(73,850)
Retainage payable	-	860	860
Customer deposit payable	<u>10,663</u>	<u>1,200</u>	<u>11,863</u>
Net cash provided (used) by operating activities	<u>\$ 71,883</u>	<u>\$ (60,072)</u>	<u>\$ 11,811</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:			
Cash and cash equivalents, beginning of period -			
Cash and interest bearing deposits - unrestricted	\$ 193,976	\$ 83,832	\$ 277,808
Cash and interest bearing deposits - restricted	<u>144,919</u>	<u>10,507</u>	<u>155,426</u>
Total cash and cash equivalents, beginning of period	<u>338,895</u>	<u>94,339</u>	<u>433,234</u>
Cash and cash equivalents, end of period -			
Cash and interest bearing deposits - unrestricted	122,150	47,363	169,513
Cash and interest bearing deposits - restricted	<u>102,243</u>	<u>11,707</u>	<u>113,950</u>
Total cash and cash equivalents, end of period	<u>224,393</u>	<u>59,070</u>	<u>283,463</u>
Net change in cash and cash equivalents	<u>\$ (114,502)</u>	<u>\$ (35,269)</u>	<u>\$ (149,771)</u>

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

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

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

##### A. Financial Reporting Entity

The Village of Hessmer, Louisiana was incorporated in 1955 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

As the municipal governing authority, for reporting purposes, the Village of Hessmer, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government. The Village has no such component unit.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

###### Fund Financial Statements

The accounts of the Village are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

same item or funds designated as major at the discretion of the Village. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Village uses the following funds, grouped by fund type.

#### Governmental Funds –

Governmental Funds are those through which most governmental functions of the Village are financed. The acquisition, use and balances of the Village's expendable financial resources and the related liabilities (except those accounted for in propriety funds) are accounted for through governmental funds.

#### General Fund

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

#### Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects of the Village. The following is the Village's major Special Revenue Fund:

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for the repair and maintenance of public streets; the repair, maintenance, and operation of the waterworks and sewerage system; the repair and maintenance of the drainage system; capital improvements; and the support of the general fund.

#### Proprietary Funds –

Proprietary funds are used to account for ongoing operations and activities that are similar to those often found in the private sector where the intent is that costs of providing goods and services be recovered through user charges. The propriety funds maintained by the Village are the enterprise funds.

#### Enterprise Funds

Enterprise Funds are used to report activities for which a fee is charged to external users. These funds account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise funds are the Water System Fund and the Sewer System Fund.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

#### C. Measurement Focus/Basis of Accounting

The measurement focus determines the accounting and financial reporting treatment applied to a fund. The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. The measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund types, the flow of economic resources, is based upon determination of net income, net position, and cash flows.

The accrual basis of accounting is used throughout the government-wide statements; conversely, the financial statements of the governmental funds have been prepared in accordance with the modified accrual basis of accounting, whereby revenues are recognized when considered both measurable and available to finance expenditures of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. The Village considers reimbursement amounts received within one year as available. The Village accrues intergovernmental revenue, and sales tax revenue, based upon this concept. Expenditures generally are recognized when the related fund liabilities are incurred and become payable in the current period. Proceeds of debt are reported as other financing sources, and principal and interest on long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded as expenditures when paid.

Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursement for specific purposes or projects are recognized in the period in which the expenditures are recorded. All other revenue items are considered to be measurable and available only when cash is received by the Village. Transfers between governmental funds are recorded when the related liability is incurred. These transfers do not represent revenues (expenditures) to the Village and are, therefore, reported as other financing sources (uses) in the governmental fund financial statements.

Since the fund level statements are presented using a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented on the page following each fund level statement that summarizes the adjustments necessary to convert the fund level statements into the government-wide presentations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

The financial statements of the enterprise funds have been prepared in accordance with the accrual basis of accounting. Accordingly, revenues are recorded when earned, and expenses and related liabilities are recorded when incurred.

#### D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts and certificates of deposits of the Village. 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 of America. The Village may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

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.

##### Receivables

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 customers’ utility service receivables as their major receivables. Uncollectible amounts due from customers’ utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible receivables is recorded due to the immateriality at August 31, 2022. 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.

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

##### 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 are reported as “advances from and to other funds.” Interfund

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position.

Inventory

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the water utility fund as assets when purchased and recorded as expenditures when consumed.

Restricted Assets

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

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 financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition cost 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 asset lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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	40 years
Equipment, furniture and fixtures	5 - 25 years
Utility system and improvements	20-50 years

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



## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial 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 primarily of the revenue bonds payable.

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

#### Compensated Absences

After 1 year of full-time employment, employees of the Village of Hessmer earn annual leave at the rate of 5 to 20 days each year, depending upon their length of service. Annual leave is not payable upon termination.

Employees of the Village earn 5 to 25 days of sick leave each year, depending upon their length of service. Unused sick leave may be carried forward from year to year not to exceed 25 days. Unused sick leave is not payable upon termination.

No accruals for accumulated unused compensated absences have been made in these financial statements.

#### Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Equity Classifications

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

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. It is the Village’s policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position – Consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily upon the extent to which the Village is bound to honor constraints imposed on the specific purpose for which amounts in those funds can be spent. The categories and their purposes are:

- a. Nonspendable includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints requiring they remain intact.
- b. Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, grantors, contributors, or amounts constrained due to constitutional provisions or enabling legislation or the laws or regulations of other governments.
- c. Committed includes fund balance amounts that can be used only for specific purposes that are internally imposed by the Village through formal legislative action of the Mayor and Board of Aldermen and does not lapse at year end. A committed fund balance constraint can only be established, modified, or rescinded by passage of an ordinance (Law) by the Mayor and Aldermen.
- d. Assigned includes fund balance amounts that are constrained by the Village’s intent to be used for specific purposes, which are neither restricted nor committed. The assignment of fund balance is authorized by a directive from the Village administrator and approval of a resolution by the Mayor and Board of Alderman.

## VILLAGE OF HESSMER, LOUISIANA

### Notes to Basic Financial Statements

- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

It is the Village's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Village uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made.

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

#### E. Revenues, Expenditures, and Expenses

##### Revenues

The Village considers revenue to be susceptible to accrual in the governmental funds as it becomes measurable and available, as defined under the modified accrual basis of accounting. The Village generally defines the availability period for revenue recognition as received within sixty (60) days of year end. The Village's major revenue sources that meet this availability criterion are intergovernmental revenues, franchise fees, tax revenue, and charges for services.

There are two classifications of programmatic revenues for the Village, grant revenue and program revenue. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Program revenues 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. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Village's utility system.

Interest income is recorded as earned in the fund holding the interest-bearing asset.

Substantially all other revenues are recorded when received.

##### Operating Revenues and Expenses

In the proprietary funds, operating revenues are those revenues produced as a result of providing services and producing and delivering goods and/or services. Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets and insurance recoveries on property loss. Operating expenses are those expenses related to the production of revenue. Nonoperating expenses are those expenses not directly related

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

to the production of revenue and include items such as interest expense and losses on disposal of assets.

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 Funds – By Operating and Non-operating

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 9
Utility Revenue	See Note 7

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows, liabilities and deferred outflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(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 direct obligations of the United States government, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal officers in Louisiana.

These deposits are stated at cost, which approximates market. 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, or the Village will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a policy for custodial credit risk; however, under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) and the related federal insurance and pledged securities:

Bank balances	<u>\$ 476,932</u>
Federal deposit insurance	\$ 420,608
Uninsured and collateral held by the pledging banks, not in the Village's name	<u>56,324</u>
Total FDIC insurance and pledged securities	<u>\$ 476,932</u>

(3) Restricted Assets – Business-Type Activities

Restricted assets of business-type activities consisted of the following:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Customer Deposit Fund	\$ 93,262	\$ 11,707	\$ 104,969
Sinking Fund	<u>8,981</u>	<u>-</u>	<u>8,981</u>
Total restricted assets	<u>\$ 102,243</u>	<u>\$ 11,707</u>	<u>\$ 113,950</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(4) Capital Assets

Capital asset activity 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	\$ 57,000	\$ -	\$ -	\$ 57,000
Capital assets being depreciated:				
Buildings	256,942	-	-	256,942
Equipment, furniture and fixtures	221,808	2,029	-	223,837
Infastructure	344,829	28,261	-	373,090
Total capital assets	<u>823,579</u>	<u>30,290</u>	<u>-</u>	<u>853,869</u>
Less accumulated depreciation				
Buildings	166,232	5,463	-	171,695
Equipment, furniture and fixtures	175,372	11,999	-	187,371
Infastructure	131,565	31,289	-	162,854
Total accumulated depreciation	<u>473,169</u>	<u>48,751</u>	<u>-</u>	<u>521,920</u>
Total capital assets being depreciated, net	<u>350,410</u>	<u>(18,461)</u>	<u>-</u>	<u>331,949</u>
Governmental activities, capital assets, net	<u>\$ 407,410</u>	<u>\$ (18,461)</u>	<u>\$ -</u>	<u>\$ 388,949</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 3,791
Police	2,734
Streets and sidewalks	11,910
Recreation	<u>30,316</u>
Total depreciation expense	<u>\$48,751</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 241,914	\$ 9,038	\$ -	\$ 250,952
Capital assets being depreciated:				
Water system	4,328,397	25,004	-	4,353,401
Sewer system	<u>1,796,253</u>	<u>35,000</u>	<u>-</u>	<u>1,831,253</u>
Total capital assets being depreciated	<u>6,124,650</u>	<u>60,004</u>	<u>-</u>	<u>6,184,654</u>
Less accumulated depreciation				
Water system	2,513,099	148,096	-	2,661,195
Sewer system	<u>1,625,219</u>	<u>69,239</u>	<u>-</u>	<u>1,694,458</u>
Total accumulated depreciation	<u>4,138,318</u>	<u>217,335</u>	<u>-</u>	<u>4,355,653</u>
Total capital assets being depreciated, net	<u>1,986,332</u>	<u>(157,331)</u>	<u>-</u>	<u>1,829,001</u>
Business-type activities, capital assets, net	<u>\$2,228,246</u>	<u>\$ (148,293)</u>	<u>\$ -</u>	<u>\$2,079,953</u>

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

Water	\$ 148,096
Sewer	<u>69,239</u>
Total depreciation expense	<u>\$ 217,335</u>

(5) Leases

On April 28, 1999, the Village entered into a 60-month lease agreement with AT&T Mobility Corporation for the use of space on the Village's water tower to mount LTE equipment and antennas for a monthly payment of \$810. The lease was renewed for the same monthly rate on January 1, 2006 for one 60-month term with the option to renew the lease for four (4) additional 60-month terms. In October 2014, the monthly lease payments were renegotiated and increased to \$1,620 per month. On December 31, 2021, the expiration date of the most recent 60-month term, the Village entered into a month-to-month lease with the same payment terms and began negotiating a lease renewal. As of August 31, 2022, the negotiations of the lease renewal are continuing, while the Village continues to receive a monthly lease payment of \$1,620.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(6) Changes in Long-Term Liabilities

The following is a summary of long-term liability activity of the Village:

	<u>Balance</u> <u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Ending</u>	<u>Amount due</u> <u>in one year</u>
Direct Placements:					
Business-type activities					
Water revenue refunding					
bonds, series 2021	\$ -	\$ 796,000	-	\$ 796,000	\$ 22,000
Water revenue bonds,					
series 2008	<u>831,926</u>	<u>-</u>	<u>831,926</u>	<u>-</u>	<u>-</u>
	<u>\$ 831,926</u>	<u>\$ 796,000</u>	<u>\$ 831,926</u>	<u>\$ 796,000</u>	<u>\$ 22,000</u>
Water Revenue Bonds					

The Water Revenue Refunding Bonds, Series 2021 (Bonds), dated November 1, 2021, were issued to refund the outstanding Water Revenue Bonds, Series 2008. Principal payments consist of fully amortized annual installments of \$22,000 to \$42,000 which are due through November 1, 2047. The bonds bear an annual interest of .99% to 3.25% and interest payments are due semi-annually on May 1 and November 1. The bonds are secured solely from the net revenues of the Village's waterworks system. Under the bond agreement, the Village is required to fix, establish, and maintain water utility rates at such a level that would provide revenues in each year, after paying all reasonable and necessary expenses, at least equal to 120% of the largest amount of principal and interest maturing on the bonds in any future fiscal year as well as fund monthly transfers into a sinking fund account as more fully described in Note 8.

Annual debt service requirements of direct placement debt outstanding were as follows:

<u>Year Ending</u> <u>August 31,</u>	<u>Direct Placement Debt</u>		
	<u>Refunding Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,000	\$ 21,029	\$ 43,029
2024	23,000	20,801	43,801
2025	23,000	20,547	43,547
2026	23,000	20,259	43,259
2027	24,000	19,924	43,924
2028-2032	128,000	92,790	220,790
2033-2037	146,000	75,230	221,230
2038-2042	170,000	51,560	221,560
2043-2047	195,000	22,996	217,996
2048	<u>42,000</u>	<u>685</u>	<u>42,685</u>
	<u>\$ 796,000</u>	<u>\$ 345,821</u>	<u>\$ 1,141,821</u>



VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(7) Bond Refunding

On November 1, 2021, the Village issued \$796,000 of Water Revenue Refunding Bonds, Series 2021 bearing interest at .99% to 3.25% per annum to refund \$831,926 of outstanding USDA notes bearing interest at 4.38% per annum.

As a result of the bond refunding, the Village reduced its total future debt service requirements by \$261,797, resulting in an economic gain, (difference between the present value of the debt service payments on the notes and bonds) of \$387,340.

(8) Flow of Funds: Restrictions on Use – Water Revenues

The revenues of the water utility system are partially pledged to retire the Water Revenue Refunding Bonds, Series 2021 dated November 1, 2021.

The bond resolution of the 2021 Revenue Refunding Bonds requires the establishment and maintenance of the Water Revenue Bond and Interest Sinking Fund:

The Water Fund is required to transfer to the Water Revenue Bond and Interest Sinking Fund account the monthly sums as follows.

<u>Period</u> <u>Nov. 20 to Oct. 20</u>	<u>Monthly</u> <u>Sinking</u> <u>Payments</u>
2021 - 2022	\$ 3,517
2022 - 2023	\$ 3,660
2023 - 2024	\$ 3,640
2024 - 2025	\$ 3,618
2025 - 2026	\$ 3,676
2026 - 2027	\$ 3,645
2027 - 2028	\$ 3,694
2028 - 2029	\$ 3,739
2029 - 2030	\$ 3,696
2030 - 2031	\$ 3,732
2031 - 2032	\$ 3,682
2032 - 2033	\$ 3,781
2033 - 2034	\$ 3,709
2034 - 2035	\$ 3,719
2035 - 2036	\$ 3,728
2036 - 2037	\$ 3,734
2037 - 2038	\$ 3,737

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

<u>Period</u> Nov. 20 to Oct. 20	<u>Monthly</u> <u>Sinking</u> <u>Payments</u>
2038 - 2039	\$ 3,738
2039 - 2040	\$ 3,736
2040 - 2041	\$ 3,732
2041 - 2042	\$ 3,725
2042 - 2043	\$ 3,708
2043 - 2044	\$ 3,689
2044 - 2045	\$ 3,666
2045 - 2046	\$ 3,641
2046 - 2047	\$ 3,614

For the year ended August 31, 2022, the Village failed to make all of the transfers in accordance with the bond requirements.

(9) Sales and Use Tax

The proceeds of 1% sales and use tax levied by the Village of Hessmer, Louisiana are dedicated to the following purposes:

Repair and maintain public streets in the Village (30%), repair, maintain, and operate the Village's waterworks and sewerage system (15%), repair and maintain drainage improvements in the Village (20%), capital improvements for the Village (20%), and for support of the Village's general fund (15%).

(10) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Mark Jeansonne for the period beginning September 1, 2021 through August 31, 2022 is as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,600
Benefits	545
Travel	89
Total	<u>\$ 7,234</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(11) Compensation Paid to Village Officials

A detail of compensation paid to the Board of Aldermen, for the year ended August 31, 2022, is as follows:

<u>Alderman:</u>	<u>Term</u>	<u>Term Expiration</u>	<u>Per Diem</u>
Ashton Dauzat	4	12/31/2024	\$ 600
Duston Moreau	4	12/31/2024	600
Jason Starkey	4	12/31/2024	550
Total			<u>\$ 1,750</u>

(12) Interfund Transactions

A. The Village of Hessmer had interfund receivables or payables as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
General Fund	\$ 1,167	\$ 41,191
Sales Tax Fund	2,581	-
Enterprise funds:		
Water Utility Fund	38,931	24,357
Sewer Utility Fund	<u>23,473</u>	<u>604</u>
Total	<u>\$ 66,152</u>	<u>\$ 66,152</u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

B. The Village of Hessmer had interfund transfers as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 20,101	\$ -
Sales Tax Fund	-	6,000
Enterprise funds:		
Water Utility Fund	<u>-</u>	<u>14,101</u>
 Total	 <u>\$ 20,101</u>	 <u>\$ 20,101</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.

(13) On-Behalf Payment of Salaries

The State of Louisiana paid the Village’s policemen \$6,000 of supplemental pay during the year ended August 31, 2022. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(14) Litigation and Claims

On August 31, 2022, the Village was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(15) Risk Management

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

(16) Utility Services Agreement

During fiscal year 2022, the Village entered into a utility services agreement with Sustainability Partners, LLC (SP) to provide certain upgrades and ongoing maintenance to the Village’s water utility system. The initial term of the agreement was for one month and is automatically extended for successive additional one-month terms, unless either the Village or SP has given a written nonrenewal notice at least thirty days prior to the additional one-month term.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended August 31, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 56,000	\$ 62,825	\$ 62,817	\$ (8)
Licenses and permits	42,500	44,125	44,116	(9)
Intergovernmental	24,730	88,180	94,192	6,012
Fines and forfeits	48,000	80,000	79,479	(521)
Miscellaneous	<u>19,740</u>	<u>30,660</u>	<u>24,079</u>	<u>(6,581)</u>
Total revenues	<u>190,970</u>	<u>305,790</u>	<u>304,683</u>	<u>(1,107)</u>
<b>Expenditures:</b>				
General government	77,775	107,413	102,626	4,787
Public safety -				
Police	84,950	138,830	157,698	(18,868)
Fire	15,430	23,423	20,364	3,059
Recreation	2,700	7,470	7,536	(66)
Streets and sidewalks	<u>22,550</u>	<u>33,810</u>	<u>33,976</u>	<u>(166)</u>
Total expenditures	<u>203,405</u>	<u>310,946</u>	<u>322,200</u>	<u>(11,254)</u>
Deficiency of revenues over expenditures	<u>(12,435)</u>	<u>(5,156)</u>	<u>(17,517)</u>	<u>(12,361)</u>
<b>Other financing sources:</b>				
Transfers in	<u>18,000</u>	<u>18,000</u>	<u>20,101</u>	<u>2,101</u>
Net change in fund balance	5,565	12,844	2,584	(10,260)
Fund balance, beginning	<u>10,810</u>	<u>10,810</u>	<u>10,810</u>	<u>-</u>
Fund balance, ending	<u>\$ 16,375</u>	<u>\$ 23,654</u>	<u>\$ 13,394</u>	<u>\$ (10,260)</u>

VILLAGE OF HESSMER, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended August 31, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 137,000	\$ 159,425	\$ 158,567	\$ (858)
Interest income	<u>350</u>	<u>96</u>	<u>109</u>	<u>13</u>
Total revenues	<u>137,350</u>	<u>159,521</u>	<u>158,676</u>	<u>(845)</u>
 Expenditures:				
General government	38,495	41,082	41,082	-
Recreation	-	11,271	11,271	-
Public works	-	250	250	-
Capital outlay	<u>4,000</u>	<u>30,290</u>	<u>30,290</u>	<u>-</u>
Total expenditures	<u>42,495</u>	<u>82,893</u>	<u>82,893</u>	<u>-</u>
 Deficiency of revenues over expenditures	 <u>94,855</u>	 <u>76,628</u>	 <u>75,783</u>	 <u>(845)</u>
 Other financing uses:				
Transfers out	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>	<u>-</u>
 Net change in fund balance	 88,855	 70,628	 69,783	 (845)
 Fund balances, beginning	 <u>8,840</u>	 <u>8,840</u>	 <u>8,840</u>	 <u>-</u>
 Fund balances, ending	 <u>\$ 97,695</u>	 <u>\$ 79,468</u>	 <u>\$ 78,623</u>	 <u>\$ (845)</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to the Required Supplementary Information  
For the Year Ended August 31, 2022

(1) Budget and Budgetary Accounting

The Village follows the following procedures in establishing the budget:

1. The Mayor meets with the Aldermen and Village Clerk to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are considered and reflected in the projections.
3. Once adopted, the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village does not formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended by the Mayor and Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The General Fund incurred expenditures in excess of appropriations for the year ended August 31, 2022.



**OTHER SUPPLEMENTARY INFORMATION**

## **OTHER INFORMATION**

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Revenues  
For the Year Ended August 31, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 26,000	\$ 25,200	\$ 25,195	\$ (5)
Franchise -				
Electric	30,000	33,125	33,154	29
Gas	-	4,500	4,468	(32)
Total taxes	<u>56,000</u>	<u>62,825</u>	<u>62,817</u>	<u>(8)</u>
Licenses and permits:				
Occupational licenses	<u>42,500</u>	<u>44,125</u>	<u>44,116</u>	<u>(9)</u>
Intergovernmental:				
State of Louisiana -				
Department of Revenue and Taxation -				
Beer taxes	3,000	2,600	2,605	5
2% Fire insurance rebate	12,700	23,425	23,423	(2)
Department of Transportation -				
Grass cutting	2,950	2,900	2,900	-
Office of Community Development -				
LGAP grant	-	7,275	13,273	5,998
Department of Public Safety -				
Police supplemental pay	-	6,000	6,000	-
Tunica Biloxi Tribe of Louisiana				
Casino revenues	5,000	44,900	44,911	11
Avoyelles Parish Police Jury -				
Rural fire	<u>1,080</u>	<u>1,080</u>	<u>1,080</u>	<u>-</u>
Total intergovernmental	<u>24,730</u>	<u>88,180</u>	<u>94,192</u>	<u>6,012</u>
Fines and forfeits:				
Fines and court costs	<u>48,000</u>	<u>80,000</u>	<u>79,479</u>	<u>(521)</u>
Miscellaneous:				
Interest	-	70	69	(1)
Rental	-	19,440	17,820	(1,620)
Other sources	<u>19,740</u>	<u>11,150</u>	<u>6,190</u>	<u>(4,960)</u>
Total miscellaneous	<u>19,740</u>	<u>30,660</u>	<u>24,079</u>	<u>(6,581)</u>
Total revenues	<u>\$ 190,970</u>	<u>\$ 305,790</u>	<u>\$ 304,683</u>	<u>\$ (1,107)</u>

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended August 31, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
General government -				
Administration:				
Salaries	\$ 29,525	\$ 32,075	\$ 33,829	\$ (1,754)
Per diem - Aldermen	1,800	1,750	1,750	-
Payroll taxes	2,275	2,240	2,463	(223)
Insurance	11,000	29,425	21,335	8,090
Office supplies and expenses	9,725	11,353	10,934	419
Dues and subscriptions	500	285	285	-
Legal and professional fees	6,000	6,500	7,600	(1,100)
Repairs and maintenance	2,400	4,475	4,670	(195)
Utilities and telephone	10,300	13,590	13,689	(99)
Miscellaneous	4,250	5,720	6,071	(351)
Total general government	<u>77,775</u>	<u>107,413</u>	<u>102,626</u>	<u>4,787</u>
Public safety -				
Police:				
Salaries	54,375	97,460	102,021	(4,561)
Payroll taxes	4,625	6,980	7,806	(826)
Fuel and oil	6,600	15,800	15,485	315
Repairs and maintenance	2,400	5,275	5,265	10
Insurance	13,000	5,100	12,899	(7,799)
Supplies	50	2,900	2,905	(5)
Utilities and telephone	1,950	2,825	2,823	2
Legal and professional fees	1,200	-	-	-
Miscellaneous	750	2,490	8,494	(6,004)
Total police	<u>84,950</u>	<u>138,830</u>	<u>157,698</u>	<u>(18,868)</u>

(continued)

VILLAGE OF HESSMER, LOUISIANA  
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended August 31, 2022

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Fire -				
Salaries	3,000	3,000	3,000	-
Payroll taxes	230	210	230	(20)
Insurance	7,700	7,440	4,156	3,284
Utilities and telephone	4,500	3,630	3,836	(206)
Miscellaneous	-	9,143	9,142	1
Total fire	<u>15,430</u>	<u>23,423</u>	<u>20,364</u>	<u>3,059</u>
Recreation -				
Repairs and maintenance	500	575	571	4
Recreation facilities	2,200	3,000	3,076	(76)
Supplies	-	2,620	2,618	2
Miscellaneous	-	1,275	1,271	4
Total recreation	<u>2,700</u>	<u>7,470</u>	<u>7,536</u>	<u>(66)</u>
Public works -				
Repairs and maintenance	500	3,035	3,035	-
Fuel and oil	50	90	90	-
Supplies	1,000	4,685	4,683	2
Street lights and power	19,800	24,650	25,821	(1,171)
Animal control	1,200	1,000	-	1,000
Utilities	-	300	-	300
Miscellaneous	-	50	347	(297)
Total streets and sidewalks	<u>22,550</u>	<u>33,810</u>	<u>33,976</u>	<u>(166)</u>
Total expenditures	<u>\$ 203,405</u>	<u>\$ 310,946</u>	<u>\$ 322,200</u>	<u>\$ (11,254)</u>

VILLAGE OF HESSMER, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule - Expenditures  
For the Year Ended August 31, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government -				
Administration:				
Salaries	\$ 34,000	\$ 26,997	\$ 26,997	\$ -
Payroll taxes	2,600	2,065	2,065	-
Legal and professional fees	-	8,449	8,449	-
Repairs and maintenance	-	530	530	-
Miscellaneous	1,895	3,041	3,041	-
Total general government	<u>38,495</u>	<u>41,082</u>	<u>41,082</u>	<u>-</u>
Recreation -				
Repairs and maintenance	<u>-</u>	<u>11,271</u>	<u>11,271</u>	<u>-</u>
Public Works -				
Repairs and maintenance	<u>-</u>	<u>250</u>	<u>250</u>	<u>-</u>
Capital outlay -				
Public works	<u>4,000</u>	<u>30,290</u>	<u>30,290</u>	<u>-</u>
Total expenditures	<u>\$ 42,495</u>	<u>\$ 82,893</u>	<u>\$ 82,893</u>	<u>\$ -</u>

VILLAGE OF HESSMER  
Hessmer, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity  
As Required by ACT 87 of the 2020 Regular Legislative Session  
General Fund  
Cash Basis Presentation  
Year Ended August 31, 2022

	<u>First Six Month Period Ended 2/28/2022</u>	<u>Second Six Month Period Ended 08/31/2022</u>
<b>Beginning balance of amounts collected</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Add: Collections</b>		
Criminal Court Costs/Fees	<u>28,025</u>	<u>51,449</u>
<b>Total collections</b>	<u>28,025</u>	<u>51,449</u>
<b>Less: Disbursements to Governments and Nonprofits</b>		
Louisiana Commission on Law Enforcement - Crime Victims Reparation Fund/POST LE Training	-	-
Louisiana Supreme Court - Case Management Information System	-	-
Louisiana Dept. of Health - Traumatic Head and Spinal Cord Injury Trust Fund	-	-
Central Louisiana Juvenile Detention Center	-	-
North Louisiana Criminalistics Laboratory	-	-
Louisiana Judicial College	-	-
<b>Less: Amounts retained by collecting agency</b>		
Criminal Court Costs/Fees	<u>28,025</u>	<u>51,449</u>
<b>Total disbursements</b>	<u>28,025</u>	<u>51,449</u>
Total ending balance of amounts collected but not disbursed/retained	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF HESSMER, LOUISIANA

LCDBG Program - Balance Sheet  
For the Year Ended August 31, 2022

	<u>2020 Sewer Rehab</u>
ASSETS	
Grant revenue receivable	\$ 17,828
Total assets	<u>\$ 17,828</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Retainage payable	<u>17,828</u>
Fund balances:	
Restricted - Public works	<u>-</u>
Total liabilities and fund balances	<u>\$ 17,828</u>



VILLAGE OF HESSMER, LOUISIANA

LCDBG - Program Statement of Revenues, Expenditures and Change in Fund Balance  
For the Year Ended August 31, 2022

	<u>2020 Sewer Rehab</u>
Revenues:	
LCDBG Program	\$ <u>9,038</u>
Expenditures:	
Current -	
Engineering Services	430
Project Construction	<u>8,608</u>
Total expenditures	<u>9,038</u>
Excess of revenues over expenditures	-
Fund balances, beginning	<u>-</u>
Fund balances, ending	<u>\$ -</u>

**INTERNAL CONTROL,  
COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Mark Jeansonne, Mayor  
and Members of the Board of Aldermen  
Village of Hessmer, 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 Hessmer, Louisiana (Village) as of and for the year ended August 31, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 24, 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 Village'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 did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2022-001 through 2022-004, that we consider 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of current and prior year audit findings and management's corrective action plan as items 2022-005 through 2022-007.

## **Village of Hessmer, Louisiana's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village of Hessmer, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings. Village of Hessmer, Louisiana's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of this Report**

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
February 24, 2023

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

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

A. Internal Control Over Financial Reporting

2022-001 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 policies and procedures that pertain to is the ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of 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 departure from generally accepted accounting principles.

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

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

2022-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

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

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village agrees with the finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to enhance controls the Board of Aldermen monitors activity and account balances in all funds.

2022-003 Policies and Procedures

Fiscal year finding initially occurred: 2018.

CONDITION: The Village has not adopted written policies and procedures for budgets, purchasing, processing disbursements, receipts, overtime worked in payroll, contracting, credit and debit cards, travel and expense reimbursement, ethics, debt service and disaster recovery.

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of day-to-day operations.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

CAUSE: The Village of Hessmer has not properly documented policies and procedures that should be followed for the areas of day-to-day operations above.

EFFECT: Failure to have written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management is in the process of drafting a formal, written policy and procedure manual to establish guidelines that will be followed for all operations.

2022-004 Customer Deposits Subsidiary Ledger Reconciliation

Fiscal year finding initially occurred: 2018.

CONDITION: The Village is not maintaining nor reconciling a meter deposits subsidiary ledger to its meter deposits cash account, as well as the detailed general ledger liability account, on a regular basis.

CRITERIA: Internal controls should be in place to ensure all utility customer deposit activity is properly recorded.

CAUSE: The cause of the condition is the fact that the Village is not maintaining nor reconciling the customer deposit subsidiary ledger to the meter deposit cash balance nor the general ledger liability account on a reoccurring basis.

EFFECT: Failure to reconcile this subsidiary ledger could result in missing cash and customers not receiving proper credit for their customer meter deposits when accounts are closed.

RECOMMENDATION: The customer deposit subsidiary ledger should be reconciled to the meter deposit cash account as well as the general ledger liability account on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review procedures related to the collections and recording of customer deposits and implement procedures to reconcile the subsidiary ledger on a monthly basis.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

B. Compliance

2022-005 Traffic Citations

Fiscal year finding initially occurred: 2021.

CONDITION: The Village is not ensuring that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2

CRITERIA: LA R.S. 32:398.1 and LA R.S. 32:398.2

CAUSE: The Village police department has not accounted for all traffic citations.

EFFECT: Failure to account for all traffic citations increases the risk of errors and/or irregularities, including fraud and/or defalcations, occurring without prevention and/or detection occurring in a timely manner.

RECOMMENDATION: The Village should ensure that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village has implemented policies and procedures along with software enhancements to ensure that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

2022-006 Citation Fees Collections

Fiscal year finding initially occurred: 2021.

CONDITION: The Village failed to collect fees required under various state statues related to traffic citations.

CRITERIA: Various Louisiana state statues.

CAUSE: The Village has not implemented procedures to ensure appropriate traffic citation fees are assessed on applicable traffic citations in accordance with various state statues.

EFFECT: Failure to properly assess traffic citation fees could result in violation of various state statues.

RECOMMENDATION: The Village should ensure that all traffic citation fees are assessed, collected, and remitted in accordance with all applicable state statues.



VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village has implemented policies and procedures along with software enhancements to ensure that all traffic citation fees are properly assessed, collected, and remitted in accordance with all applicable state statutes.

2022-007 Record Retention Issues

Fiscal year finding initially occurred: 2022.

CONDITION: In the course of conducting the audit, it was noted that the Village was unable to provide sufficient supporting documentation for selected transactions when requested.

CRITERIA: LA R.S. 44:36 requires agencies to maintain records to support transactions for a minimum of three years from the date the record is created unless the record is required to be maintained longer by specific state statute.

CAUSE: The Village did not retain supporting documentation for selected transactions during the year ending August 31, 2022.

EFFECT: Failure to maintain proper supporting documentation for transactions is a violation of state statutes. Also, the lack of proper documentation makes it difficult to determine that the transaction was appropriate, necessary for the Village's operation and properly reported.

RECOMMENDATION: The Village should develop policies and procedures to ensure that proper supporting documentation is maintained for all transactions as required by state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village is developing policies and procedures related to records retention. In addition, the Village will enhance its records organization to ensure easier access to supporting documentation for all transactions of the Village.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2021-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Village of Hessmer does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

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

CURRENT STATUS: : Unresolved. See item 2022-001.

2021-002 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2022-002.

2021-003 Policies and procedures

CONDITION: The Village of Hessmer has not adopted written policies and procedures for budgets, purchasing, processing disbursements, receipts, overtime worked in payroll, contracting, credit and debit cards, travel and expense reimbursement, ethics, and debt service.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

CURRENT STATUS: Unresolved. See item 2022-003.

2021-004 Utility Accounts Receivable and Customer Deposits Subsidiary Ledger

CONDITION: The Village of Hessmer is not maintaining an accurate subsidiary ledger for utility accounts receivables and customer deposits, and the subsidiary ledgers are not being reconciled to the meter cash account balances and general ledger accounts.

RECOMMENDATION: The accounts receivable and customer deposit subsidiary ledgers should be reconciled to the cash account and general ledger on a monthly basis.

CURRENT STATUS: Partially Resolved. See item 2022-004.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings  
And Management's Corrective Action Plan  
Year Ended August 31, 2022

2021-005 Bank Reconciliation

CONDITION: The Village did not reconcile several bank statements in a timely manner.

RECOMMENDATION: All cash balances as reported on the Village's general ledger should be reconciled to the appropriate supporting documentation on a monthly basis.

CURRENT STATUS: Resolved.

B. Compliance

2021-006 Budgeting Non-Compliance

CONDITION: Total actual expenditures incurred in the Sales Tax fund exceeded total budgeted expenditures by more than five percent.

RECOMMENDATION: Management should periodically compare actual expenditures to budgeted expenditures incurred in the Sales Tax fund to identify the need for budget amendments in a timelier manner.

CURRENT STATUS: Resolved.

2021-007 Traffic Citations

CONDITION: The Village is not ensuring that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

RECOMMENDATION: The Village should ensure that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

CURRENT STATUS: Unresolved. See item 2022-005

**Village of Hessmer**  
Hessmer, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period September 1, 2021 through August 31, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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

To the Board of the Village of Hessmer,  
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 September 1, 2021 through August 31, 2022. The Village of Hessmer's management is responsible for those C/C areas identified in the SAUPs.

The Village of Hessmer 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 September 1, 2021, through August 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that document 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.

**We performed the procedures and discussed the results with management.**

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

### ***Board or Finance Committee***

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2. Obtained and inspected 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) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, we obtained the prior year audit report and observed 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, we observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

### ***Bank Reconciliations***

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

*Collections (excluding electronic funds transfers)*

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4. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits 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.* Obtained supporting documentation for each of the 10 deposits and:
  - a) Observed that receipts are sequentially pre-numbered.
  - b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Traced the deposit slip total to the actual deposit per the bank statement.
  - d) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection



location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

- e) Traced the actual deposit per the bank statement to the general ledger.

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

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- 8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
- 10. For each location selected under #8 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
  - a) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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- 11. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.

12. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
  - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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14. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained 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, observed 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](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

## ***Contracts***

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15. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observed 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), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - d) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agreed the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

## ***Payroll and Personnel***

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16. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtain related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:
- a) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is 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) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

- d) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials' cumulate leave records, agreed the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
  19. Obtained 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***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtained ethics documentation from management, and:
  - a. Observed whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observed whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

### ***Debt Service***

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21. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
22. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Fraud Notice***

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23. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

24. Observed 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***

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25. Performed the following procedures, verbally discussed the results with management, and report “We performed the procedures and discussed the results with management.”
- a) Obtained and inspected the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.
  - b) Obtained and inspected the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtained a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.

**We performed the procedures and discussed the results with management.**

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed the documentation demonstrated each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observed the entity has posted its sexual harassment policy and compliant procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtained the entity’s annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements.

- b) Number of sexual harassment complaints received by the agency.
- c) Number of complaints which resulted in a finding that sexual harassment resulted in discipline or corrective action; and
- d) Amount of time it took to resolve each complaint.

**Findings:**

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No exceptions were found as a result of applying procedures listed above except:

**Written Policies and Procedures:**

Written policies and procedures do not address the functions of Budgeting, Purchasing, Disbursements, Receipts/Collections, Contracting, Credit Cards, Travel and Expense Reimbursements, Ethics, Debt Services, or Disaster Recovery/ Business Continuity procedures.

Village of Hessmer's written policies and procedures addresses reviewing and approving time and attendance records for only the Police Department.

The Village of Hessmer's written sexual harassment policies do not include R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Board:**

The Village of Hessmer does not reference or include monthly budget to actual comparisons for the General Fund and any major special revenue fund, as well as monthly financial statements for each major proprietary fund in the board meeting minutes.

**Bank Reconciliations:**

Five out of five bank reconciliations examined did not include evidence that a member of management/board member, who does not handle cash, post ledgers, or issue checks, has reviewed each bank reconciliation.

Five out of five bank reconciliations examined, did not include evidence of management researching reconciling items outstanding more than 12 months from the statement closing date.

**Cash Collections:**

At the deposit site tested, both the Village Clerk, and the Assistant Clerk collect cash and share the register/drawer.

At the deposit site tested, the person responsible for collecting cash is also responsible for preparing/making bank deposits and reconciling collection documentation to the deposit.

The Village of Hessmer does not issue sequentially pre-numbered receipts for all cash collections.

The Village of Hessmer was unable to provide complete support for three out of ten deposits requested for testing. For the seven deposits tested, one deposit was not made within one business day of collection.

**Disbursements:**

For five out of five disbursements tested, no evidence was provided to indicate that at least two employees were involved in 1) initiating, approving, and making the purchase, nor 2) processing and approving the payments to vendors.

The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

For five out of five disbursements tested, documentation did not provide evidence of segregation of duties.

**Credit/Debit/Fuel Cards:**

Ten out of ten credit/debit card transactions tested did not have supporting documentation that was approved in writing by someone other than the card holder.

Ten out of ten credit/debit card transactions tested on the monthly statement did not contain written evidence of the specific business/public purpose of the purchase.

**Travel and Expense Reimbursement:**

For five out of five expense reimbursements selected for testing, none were supported by documentation of the business/ public purchase.

For five out of five expense reimbursements selected for testing, there was no evidence that the reimbursements are reviewed and approved in writing by someone other than the person receiving the reimbursement.

**Payroll and Personnel:**

For five of the five employees selected for testing, the Village of Hessmer was unable to provide attendance records and leave documentation for the pay period.

**Ethics:**

For two out of five employees selected for testing, evidence of completion of one hour of annual ethics training during the current fiscal year was provided by the client.

**Fraud Notice:**

The Village of Hessmer does not have posted on its premises the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Sexual Harassment:**

For five of five employees selected for testing, no evidence of completion of one hour of annual sexual harassment training for the fiscal year was provided.

The Village of Hessmer did not prepare an annual sexual harassment report as provided by the requirements of Louisiana Revised Statute 42:433.

**Management's Response:**

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

We were engaged by the Village of Hessmer 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 of Hessmer 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

Alexandria, Louisiana  
February 24, 2023