
VILLAGE OF GROSSE TETE, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2021

VILLAGE OF GROSSE TETE, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Grosse Tete, Louisiana

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Grosse Tete, Louisiana (the Village), as of and for the year ended, December 31, 2021, and the related notes to the financial statement, which collectively comprise the Village of Grosse Tete, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and the major fund of the Village, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison schedules, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Plan contributions on pages 4 through 9 and 40 through 43, respectively, be presented to supplement the basic financial statements. Such 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. 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 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 Grosse Tete, Louisiana's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer and Justice System Funding Schedule – Collecting/Disbursing Entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer and Justice System Funding Schedule – Collecting/Disbursing Entity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022 on our consideration of the Village of Grosse Tete, 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 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 Grosse Tete, 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 Grosse Tete, Louisiana's internal control over financial reporting and compliance.



June 30, 2022
Gonzales, Louisiana

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

This section of Village's annual financial report presents our discussion and analysis of the Village's financial performance during the fiscal year that ended on December 31, 2021. This MD&A should be read in conjunction with the Village's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Village's combined total net position increased by \$472,770 or 7.2 percent over the course of the year's operations. Net position of the governmental activities and business-type activities was \$5,615,566 and \$1,474,100, respectively.
- During the year, the Village's governmental activities expenses and transfers were \$411,645 less than the \$1,382,758 generated in charges for services, capital grants & contributions, taxes, and other revenue. In the Village's business-type activities, total revenues and transfers were \$315,175 and total expenses were \$254,050.
- The Village's general fund reported an increase in fund balance of \$158,452 during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts-management's discussion and analysis (this section), the basic financial statements, required supplementary information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the Village:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Village's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Village government, reporting the Village's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as water.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the Village's financial statements, including the portion of the Village's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of each of the statements.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Figure A-1
Major Features of Village's Government-Wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Fund
Scope	Entire Village Government	The activities of the Village that are not proprietary or fiduciary, such as police, fire, and parks	Activities the Village operates similar to private businesses: the water system
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in net position • Statement of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payments are due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

Government-wide Statements

The government-wide statements report information about the Village as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Village's net position and how they have changed. Net position, the difference between the Village's assets and liabilities, is one way to measure the Village's financial health, or position.

- Over time, increases or decreases in the Village's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the Village are divided into two categories:

- Governmental activities-most of the Village's basic services are included here, such as the police department, highways and streets, culture and recreation, and general administration. Taxes, fines and fees finance most of these activities.
- Business-type activities-The Village charges fees to customers to help it cover the costs of certain services it provides. The Village's water system is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Village's most significant funds- not the Village as a whole. Funds are accounting devices that the Village uses to keep track of specific sources of funding and spending for particular purposes.

The Village has two kinds of funds:

- Governmental funds-Most of the Village's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- Proprietary fund-Services for which the Village charges customers a fee is generally reported in the proprietary fund. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2021

FINANCIAL ANALYSIS OF THE VILLAGE AS A WHOLE

Net position. The Village's combined net position was \$7,089,666 at the end of the fiscal year. (See Table A-1.)

Table A-1

	Village's Net Position		Business-Type Activities	
	Governmental Activities			
	2021	2020	2021	2020
Current and other assets	\$ 1,827,014	\$ 1,575,543	\$ (299,933)	\$ (321,348)
Capital assets, net	4,072,376	4,151,933	1,944,724	1,872,776
Total assets	5,899,390	5,727,476	1,644,791	1,551,428
Deferred outflows of resources	194,738	165,609	22,982	18,628
Total assets and deferred outflows of resources	6,094,128	5,893,085	1,667,773	1,570,056
Current liabilities	29,134	17,291	126,576	69,302
Long-term liabilities	406,984	660,973	61,549	84,337
Total liabilities	436,118	678,264	188,125	153,639
Deferred inflows of resources	42,444	10,900	5,548	3,442
Total liabilities and deferred inflows of resources	478,562	689,164	193,673	157,081
Net position				
Net investment in capital assets	4,072,376	4,151,933	1,944,724	1,872,776
Restricted	548,429	467,253	-	-
Unrestricted	994,761	584,735	(470,624)	(459,801)
Total net position	\$ 5,615,566	\$ 5,203,921	\$ 1,474,100	\$ 1,412,975

Net position of the Village's governmental activities increased 8.0 percent to approximately \$5.6 million. Net position of the Village's business-type activities increased 4.4 percent to approximately \$1.47 million.

Changes in net position. The Village's total revenues and transfers for all programs increased approximately 15.5 percent to approximately \$1.64 million (See Table A-2.) 62 percent of the Village's revenues are derived from sales and franchise tax revenues, intergovernmental and grant revenues represent 23 percent of revenues, and charges for services represent 12 percent of revenues.

The total cost of all programs and services decreased approximately 18.3 percent to approximately \$1.16 million. The Village's expenses cover all services performed by its office.

Governmental Activities

Revenues and transfers for the Village's governmental activities increased by 14.7 percent and total expenses decreased by 21.9 percent.

Business-type Activities

Revenues and transfers for the Village's business-type activities increased by 18.9 percent and total expenses decreased by 2.4 percent.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Table A-2
Changes in Village's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues				
Program revenues				
Fees, fines, and charges for services	\$ 61,195	\$ 59,680	\$ 133,133	\$ 122,557
Capital grants and contributions	15,000	22,253	120,515	81,151
General revenues				
Taxes	1,007,412	979,291	-	-
Licenses and permits	41,955	34,274	-	-
Miscellaneous	10,328	2,699	372	465
Intergovernmental	233,806	98,002	-	-
Interest	372	4,655	9	57
Pension benefit	12,690	11,866	1,146	1,066
Transfers (out) in	(60,000)	(59,700)	60,000	59,700
Total revenues and transfers	<u>1,322,758</u>	<u>1,153,020</u>	<u>315,175</u>	<u>264,996</u>
Expenses				
General government	252,302	344,653	-	-
Public safety	312,160	368,819	-	-
Highways and streets	283,997	398,148	-	-
Culture and recreation	62,654	54,959	-	-
Water and Sewer	-	-	254,050	260,419
Total expenses	<u>911,113</u>	<u>1,166,579</u>	<u>254,050</u>	<u>260,419</u>
Increases (decrease) in net position	<u>\$ 411,645</u>	<u>\$ (13,559)</u>	<u>\$ 61,125</u>	<u>\$ 4,577</u>

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

As the Village completed the year, its governmental funds reported a combined fund balance of \$1,797,880. General Fund's fund balance increased by \$158,452. The primary reason for the general fund's increase in fund balance is due to the increase in sales tax and state funding received for construction. Also related to decrease in expenditures.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, The Village's General Fund budget was amended. The amendment of the operating budget is customary practice of the Village and reflective of the financial changes that occur throughout the year. The most significant reasons for the budget amendment during 2021 is as follows:

- A decrease in tax revenues by \$94,800.
- An increase in intergovernmental revenues by \$80,000.
- A decrease in general government expenditures by \$27,500.
- An increase in general government capital outlay expenditures by \$50,000.
- A decrease in highways and streets capital outlay expenditures by \$50,000.

VILLAGE OF GROSSE TETE

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Actual revenues exceeded actual amounts by \$209,961. Budgeted expenditures exceeded actual amounts by \$217,251.

CAPITAL ASSETS

At the end of 2021, the Village had invested approximately \$6,017,100 in a broad range of capital assets, including land, construction in progress, police equipment, vehicles, buildings, improvements, and water well and sewer systems. (See Table A-3)

Table A-3
Village's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
Land	\$ 168,911	\$ 168,911	\$ 1,000	\$ 1,000	\$ 169,911	\$ 169,911
Construction in progress	118,206	-	-	81,151	118,206	81,151
Buildings	2,455,285	2,539,256	-	-	2,455,285	2,539,256
Other Improvements	712,211	755,141	-	-	712,211	755,141
Sewer System	-	-	1,811,485	1,614,071	1,811,485	1,614,071
Water System	-	-	131,714	175,838	131,714	175,838
Equipment and vehicles	617,763	688,625	525	716	618,288	689,341
Total	\$ 4,072,376	\$ 4,151,933	\$ 1,944,724	\$ 1,872,776	\$ 6,017,100	\$ 6,024,709

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Village is dependent on taxes for 76% of its revenues. Fines and video poker account for 19%. The economy is not expected to generate any significant growth. The Village's next year's revenues are budgeted consistent with the current year's final budgeted revenues. Budgeted expenditures are expected to decrease attributed to the decrease in capital outlay for 2022.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Village's finances and to demonstrate the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Michael Chauffe, Mayor, P.O. Box 98, Grosse Tete, LA 70740-0089 or by calling (225)648-2131.

VILLAGE OF GROSSE TETE
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,191,240	\$ 169,139	\$ 1,360,379
Accounts receivables, net	6,346	10,617	16,963
Taxes receivable	100,196	-	100,196
Due from other governments	25,488	-	25,488
Internal balances	481,012	(481,012)	-
Prepaid expenses	22,732	1,323	24,055
Capital assets:			
Non-depreciable	287,117	1,000	288,117
Depreciable, net of accumulated depreciation	3,785,259	1,943,724	5,728,983
Total assets	<u>5,899,390</u>	<u>1,644,791</u>	<u>7,544,181</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	194,738	22,982	217,720
Total deferred outflows of resources	<u>194,738</u>	<u>22,982</u>	<u>217,720</u>
Total assets and deferred outflows of resources	<u>\$ 6,094,128</u>	<u>\$ 1,667,773</u>	<u>\$ 7,761,901</u>
LIABILITIES			
Accounts payable	\$ 10,028	\$ 7,859	\$ 17,887
Accrued liabilities	19,106	866	19,972
Unearned revenue	-	117,851	117,851
Long-term liabilities:			
Net pension liability	406,984	61,549	468,533
Total liabilities	<u>436,118</u>	<u>188,125</u>	<u>624,243</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	42,444	5,548	47,992
Total deferred inflows of resources	<u>42,444</u>	<u>5,548</u>	<u>47,992</u>
NET POSITION			
Net investment in capital assets	4,072,376	1,944,724	6,017,100
Restricted for fire protection	548,429	-	548,429
Unrestricted	994,761	(470,624)	524,137
Total net position	<u>5,615,566</u>	<u>1,474,100</u>	<u>7,089,666</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,094,128</u>	<u>\$ 1,667,773</u>	<u>\$ 7,761,901</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Fees, Fines, and Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Activities</u>						
Governmental:						
General government	\$ 252,302	\$ -	\$ -	\$ (252,302)	\$ -	\$ (252,302)
Public safety	312,160	59,355	15,000	(237,805)	-	(237,805)
Public works - highways and streets	283,997	1,840	-	(282,157)	-	(282,157)
Culture and recreation	62,654	-	-	(62,654)	-	(62,654)
Total governmental activities	<u>911,113</u>	<u>61,195</u>	<u>15,000</u>	<u>(834,918)</u>	<u>-</u>	<u>(834,918)</u>
Business-type:						
Utility	254,050	133,133	120,515	-	(402)	(402)
Total business-type activities	<u>254,050</u>	<u>133,133</u>	<u>120,515</u>	<u>-</u>	<u>(402)</u>	<u>(402)</u>
Total Primary Government	<u>\$ 1,165,163</u>	<u>\$ 194,328</u>	<u>\$ 135,515</u>	<u>(834,918)</u>	<u>(402)</u>	<u>(835,320)</u>
General Revenues:						
Taxes				1,007,412	-	1,007,412
Licenses and permits				41,955	-	41,955
Intergovernmental				233,806	-	233,806
Interest				372	9	381
Miscellaneous				10,328	372	10,700
Contributions from non-employer contributing entities -				12,690	1,146	13,836
Transfers				(60,000)	60,000	-
Total general revenues and transfers				<u>1,246,563</u>	<u>61,527</u>	<u>1,308,090</u>
Change in net position				411,645	61,125	472,770
Net position - beginning				5,203,921	1,412,975	6,616,896
Net position - ending				<u>\$ 5,615,566</u>	<u>\$ 1,474,100</u>	<u>\$ 7,089,666</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Special Revenue Fire Protection Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 688,213	\$ 503,027	\$ 1,191,240
Accounts receivables, net	6,346	-	6,346
Taxes receivable	81,988	18,208	100,196
Due from other funds	481,012	12,212	493,224
Due from other governments	13,906	11,582	25,488
Prepaid expenses	11,959	10,773	22,732
Total assets	\$ 1,283,424	\$ 555,802	\$ 1,839,226
LIABILITIES			
Accounts payable	\$ 2,655	\$ 7,373	\$ 10,028
Accrued liabilities	19,106	-	19,106
Due to other funds	12,212	-	12,212
Total liabilities	33,973	7,373	41,346
FUND BALANCES			
Nonspendable	11,959	10,773	22,732
Restricted for:			
Fire Protection	-	537,656	537,656
Unassigned	1,237,492	-	1,237,492
Total fund balances	1,249,451	548,429	1,797,880
Total liabilities and fund balances	\$ 1,283,424	\$ 555,802	\$ 1,839,226

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total fund balances - Governmental funds		\$ 1,797,880
Amounts reported for governmental activities in the statement of net position is different because:		
Deferred outflows-pension related		194,738
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets at December 31, 2021	\$ 7,174,157	
Less: accumulated depreciation as of December 31, 2021	<u>(3,101,781)</u>	4,072,376
Long-term liabilities applicable to the Village's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Net pension liability		(406,984)
Deferred inflows-pension related		<u>(42,444)</u>
Total net position at December 31, 2021 - Governmental Activities		<u><u>\$ 5,615,566</u></u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Special Revenue Fire Protection Fund	Total Governmental Funds
REVENUES			
Taxes	\$ 811,198	\$ 196,214	\$ 1,007,412
Licenses and permits	41,955	-	41,955
Intergovernmental revenue	233,806	-	233,806
Fines and forfeitures	61,195	-	61,195
Interest	185	187	372
Miscellaneous	7,512	2,816	10,328
Total revenues	<u>1,155,851</u>	<u>199,217</u>	<u>1,355,068</u>
EXPENDITURES			
Current:			
General government	324,043	-	324,043
Public safety	132,975	118,041	251,016
Public works - highways and streets	321,832	-	321,832
Culture & recreational	10,622	-	10,622
Capital Outlay:			
General government	8,889	-	8,889
Public safety	-	-	-
Public works - highways and streets	139,038	-	139,038
Total expenditures	<u>937,399</u>	<u>118,041</u>	<u>1,055,440</u>
Excess of revenues over expenditures	218,452	81,176	299,628
OTHER FINANCING USES			
Transfers out	(60,000)	-	(60,000)
Total other financing uses	<u>(60,000)</u>	<u>-</u>	<u>(60,000)</u>
Net change in fund balances	158,452	81,176	239,628
Fund Balances, Beginning of Year	1,090,999	467,253	1,558,252
Fund Balances, End of Year	<u>\$ 1,249,451</u>	<u>\$ 548,429</u>	<u>\$ 1,797,880</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO CHANGES
IN NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2021

Net change in fund balances - Governmental Funds S 239,628

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Assets:

Capital outlay capitalized	S 147,927	
Depreciation expense for the year ended December 31, 2021	<u>(242,484)</u>	(94,557)

Certain revenues in the statement of activities that do not provide available current financial resources are not reported as revenues in the funds.

Contributions from non-employer contributing entities - pension benefit	12,690
Contributions of equipment from other local governments	15,000

Certain expenses in the statement of activities that do not provide available current financial resources are not reported as expenditures in the funds.

Net effect of change in net position liability and deferrals	<u>238,884</u>
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Change in net position of governmental activities	<u><u>S 411,645</u></u>
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The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ 169,139
Accounts receivables, net	10,617
Prepaid expenses	1,323
Total current assets	<u>181,079</u>
Noncurrent assets	
Capital assets:	
Non-depreciable	1,000
Capital assets, net of accumulated depreciation	1,943,724
Total noncurrent assets	<u>1,944,724</u>
 Total assets	 <u>2,125,803</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related	<u>22,982</u>
Total deferred outflows of resources	<u>22,982</u>
Total assets and deferred outflows of resources	<u>\$ 2,148,785</u>

LIABILITIES

Current liabilities:	
Accounts payable and other liabilities	\$ 7,859
Accrued liabilities	866
Unearned revenue	117,851
Due to other funds	481,012
Total current liabilities	<u>607,588</u>
Noncurrent liabilities:	
Net pension liability	<u>61,549</u>
Total noncurrent liabilities	<u>61,549</u>
 Total liabilities	 <u>669,137</u>

DEFERRED INFLOWS OF RESOURCES

Pension related	<u>5,548</u>
Total deferred inflows of resources	<u>5,548</u>

NET POSITION

Net investment in capital assets	1,944,724
Unrestricted	(470,624)
Total net position	<u>1,474,100</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 2,148,785</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES	
Charges for service	\$ 130,560
Connection/reconnection fees	550
Penalty charges	2,023
Miscellaneous	372
Contributions from non-employer contributing entities - pension benefit	1,146
Total operating revenues	134,651
 OPERATING EXPENSES	
Salaries & benefits	19,233
Depreciation	100,418
Insurance & bonds	6,773
Miscellaneous	10
Dues & subscriptions	3,076
Postage, printing and office supplies	3,155
Professional services	8,304
Repairs & maintenance	4,208
Sewer expenses	19,371
Tools & supplies	10,777
Water purchases - Water District # 4	78,725
Total operating expenses	254,050
 OPERATING LOSS	 (119,399)
 NONOPERATING REVENUES	
Interest income	9
Total non-operating revenues	9
Loss before capital grants and contributions and transfers	(119,390)
 CAPITAL GRANTS AND CONTRIBUTIONS	 120,515
 TRANSFERS IN	 60,000
Change in net position	61,125
 Total net position - beginning	 1,412,975
 Total net position - ending	 \$ 1,474,100

The accompanying notes are an integral part of this financial statement.

VILLSGE OF GROSSE TETE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 134,443
Payments for goods and services	(186,628)
Payments for salaries and benefits	(49,877)
Net cash used in operating activities	<u>(102,062)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	9
Net cash provided by investing activities	<u>9</u>

CASH FLOWS FROM NONCAPITAL FINANCING

Proceeds from loans due to other funds	16,499
Transfers from other funds	60,000
Net cash provided by noncapital financing	<u>76,499</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCIAL ACTIVITIES**

Capital grants and contributions	317,985
Capital asset additions	(172,366)
Net cash provided by capital and related financing activities	<u>145,619</u>

Net increase in cash and cash equivalents 120,065

Cash and cash equivalents - December 31, 2020 49,074

Cash and cash equivalents - December 31, 2021 **\$ 169,139**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (119,399)
Adjustments to reconcile operating loss to net cash used in operating activities-	
Depreciation	100,418
Change in assets and liabilities	
Accounts receivable - customers	1,231
Prepaid expenses	(231)
Accounts payable	(51,998)
Accrued Liabilities	(5,608)
Unearned revenue	(1,439)
Net pension liability and related deferred inflows and outflows	(25,036)
Net cash used in operating activities	<u>\$ (102,062)</u>

The accompanying notes are an integral part of this financial statement.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

The Village of Grosse Tete, Louisiana, (the Village) was incorporated April 15, 1922, under the provision of the Lawrason Act. The Village operates under a Mayor-Aldermen form of government. The Village provides general government and public safety (police and fire protection) services, maintains streets, street lighting and highways, and provides water and sewer services to its approximately 647 residents. The Village has approximately 25 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accompanying basic financial statements of the Village of Grosse Tete, Louisiana, (the Village) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Both the government-wide financial statements and the proprietary fund financial statements follow guidance included in GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

Reporting Entity

The Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the municipality is considered a primary government since it is a general purpose government that have a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the municipality without the approval or consent of another governmental entity determine or modify its own budget, levy its taxes or set rates or charges, and issue bonded det. The municipality has oversight of other component units that are either blended into the municipality's basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Related Organizations – The following organization was considered for inclusion in the reporting entity but did not meet all of the requirements. Therefore, this entity was considered to be a related organization not reported in the accompanying basic financial statements.

Rosedale-Grosse Tete Volunteer Fire Department – This potential component unit provides volunteer fire services within the Village. Although the Village provides facilities and equipment, it does not exercise direct control over their operations.

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the Village of Grosse Tete. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental and business-type activities* of the Village. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation, Basis of Accounting(continued)

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

Fund Financial Statements: The fund financial statements provide information about the Village's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

The Village reports the following major governmental funds:

- a. 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.
- b. Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue resources (other than assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

The Village reports the following proprietary fund:

Utility Fund - This fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Village gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Village considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Sales and franchise taxes, video poker revenues, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Transfers between funds are not expected to be repaid and are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Budgets and Budgetary Accounting - The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

- 1) The Village's Mayor and Village Aldermen prepare a proposed budget message and budget prior to the beginning of each fiscal year.
- 2) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- 3) A special meeting is held to conduct a public hearing to review and discuss on the proposed budget.
- 4) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
- 5) Budgetary amendments involving the transfer of funds from one department, program, or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Village Aldermen.
- 6) All budgetary appropriations lapse at the end of each fiscal year.
- 7) The budget for the General Fund Special Revenue Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity - Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when on fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Non-operating Revenue and Expense - The Village's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Village's water and sewer fund consists of charges for services (including tap fees) and the costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as non-operating.

Statement of Cash Flows - For purposes of the statement of cash flows, the Utility Enterprise Fund considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased to be cash equivalents.

Cash and Cash Equivalents - Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Earnings are recorded in the governmental and proprietary funds.

Accounts Receivables - Accounts receivables are recorded at cost, net of any allowance for doubtful accounts. The Village uses the allowance method to recognize any bad debts for utility receivables. The allowance is based on management's estimate of uncollectible receivables as of the end of each year.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond December 31 are recorded as prepaid items.

Long-Term Liabilities – Long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term liabilities for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest are reported as expenditures in the fund statements.

The reporting of long-term liabilities in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets - Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary fund. Capital assets purchases or acquired are reported at historical cost or estimated historical costs. Donated assets are reported at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Building improvements	15-20 years
Water and sewer distribution system	20 years
Fire Trucks	15 years
Firefighting equipment	10 years
Machinery and equipment	5-10 years
Vehicles	5 years

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Annual and Sick Leave - The Village's annual and sick leave policy does not provide for the accumulation and vesting of leave.

Pension Plans - The Village is a participating employer in a cost-sharing, multiple-employer defined benefit pension plan as described in Note 6. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments have been reported at fair value within the plan.

Fund Equity – Equity Classifications

Government-wide and proprietary fund net position is displayed in three components:

- 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 attainable to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net assets with constraints placed on the use of either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements - are reported in as many as five classifications as listed below:

- Nonspendable- represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.
- Restricted- represents balances where constraints have been established by parties outside the Village or imposed by law through constitutional provisions or enabling legislation.
- Committed- represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Village Alderman.
- Assigned- represents balances that are constrained by the government's intent to be used for specific purposes, but are not restricted or committed.
- Unassigned- represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Use of Restricted Resources - When an expense is incurred that can be paid using either restricted or unrestricted resources net position, the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Village's policy is to first apply the expenditure toward restricted fund balance and then to other less-restrictive classification-committed and then assigned fund balances before using assigned fund balances.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial 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 (expenditure) until then. The Village has one item that qualifies for this category; pension related deferrals, which are reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial 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) at that time. The Village has one item that qualifies for this category; pension related deferrals. The amounts deferred are recognized as an inflow of resources in the period that the amount becomes available.

2. CASH AND CASH EQUIVALENTS

At December 31, 2021, the Village's cash and cash equivalents (book balance) consisted of the following:

Cash in checking accounts	\$ 310,431
Funds held in LAMP	<u>1,049,948</u>
Total cash and cash equivalents	<u>\$ 1,360,379</u>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

2. CASH AND CASH EQUIVALENTS (continued)

Custodial Credit Risk- Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Village does not have a deposit policy for custodial credit risk. The Village's bank balances were not exposed to custodial credit risk at December 31, 2021.

Cash held at December 31, 2021 include \$1,049,948 invested in the Louisiana Asset Management Pool, Inc. (LAMP). The LAMP portfolio includes only securities and other obligations in which local governments are authorized to invest in accordance with LA-RS 33:2955.

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

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

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 58 days as of December 31, 2021.

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

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

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

3. ACCOUNTS RECEIVABLE

In the government-wide statements, receivables consist of all revenues earned as year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales taxes and franchise taxes. Business-type activities report utility earnings as its major receivable.

The following is a summary of receivables for December 31, 2021, net of allowance for uncollectible accounts where applicable:

<u>Class of Receivables</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes				
Parish sales tax	\$ 72,444	\$ 18,208	\$ -	\$ 90,652
Franchise	9,544	-	-	9,544
Total taxes	<u>81,988</u>	<u>18,208</u>	<u>-</u>	<u>100,196</u>
Grants				
Capital Grants	-	-	-	-
Total grants	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Due from other governments				
State video poker	12,658	-	-	12,658
Other	1,248	11,582	-	12,830
Total due from other governments	<u>13,906</u>	<u>11,582</u>	<u>-</u>	<u>25,488</u>
Other receivables, net	<u>6,346</u>	<u>-</u>	<u>10,617</u>	<u>16,963</u>
Total receivables	<u>\$ 102,240</u>	<u>\$ 29,790</u>	<u>\$ 10,617</u>	<u>\$ 142,647</u>

Uncollectible amounts due for 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 collectability of the particular receivable. The following details the description and amount of the allowance for uncollectible accounts at December 31, 2021:

<u>Class of Receivables</u>	<u>Proprietary Fund</u>
Customer Accounts	\$ 8,386
	<u>\$ 8,386</u>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 168,911	\$ -	\$ -	\$ 168,911
Construction in progress	-	118,206	-	118,206
Total Capital Assets Not Being Depreciated:	<u>168,911</u>	<u>118,206</u>	<u>-</u>	<u>287,117</u>
Capital Assets Being Depreciated:				
Buildings and improvements	3,549,268	7,764	-	3,557,032
Office furniture and equipment	29,824	-	-	29,824
Machinery and equipment	234,330	-	-	234,330
Vehicles	76,520	15,000	-	91,520
Park	691,079	1,125	-	692,204
Waterlines and hydrants	54,920	-	-	54,920
Sidewalk and street improvements	1,114,370	20,832	-	1,135,202
Fire vehicles and equipment	1,092,008	-	-	1,092,008
Total Capital Assets Being Depreciated:	<u>6,842,319</u>	<u>44,721</u>	<u>-</u>	<u>6,887,040</u>
Totals	<u>7,011,230</u>	<u>162,927</u>	<u>-</u>	<u>7,174,157</u>
Less Accumulated Depreciation for:				
Buildings and improvements	1,010,012	91,735	-	1,101,747
Office furniture and equipment	25,201	1,475	-	26,676
Machinery and equipment	191,845	10,645	-	202,490
Vehicles	71,069	7,035	-	78,104
Park	121,926	52,032	-	173,958
Waterlines and hydrants	54,246	674	-	54,920
Sidewalk and street improvements	359,229	63,762	-	422,991
Fire vehicles and equipment	1,025,769	15,126	-	1,040,895
Total Accumulated Depreciation	<u>2,859,297</u>	<u>\$242,484</u>	<u>\$ -</u>	<u>3,101,781</u>
Capital Assets Being Depreciated, net	<u>3,983,022</u>			<u>3,785,259</u>
Governmental Activities Capital Assets, net	<u>\$ 4,151,933</u>			<u>\$ 4,072,376</u>

For the year ended December 31, 2021, depreciation expense was \$242,484.

General Government	\$ 6,199
Public Safety – Police	8,114
Public Safety – Fire	100,750
Public Works – Highways and Streets	75,389
Culture and Recreation	52,032
	<u>\$ 242,484</u>

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

4. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Construction in progress	81,151	172,366	253,517	-
Total Capital Assets Not Being Depreciated:	82,151	172,366	253,517	1,000
Capital Assets Being Depreciated:				
Water system	705,565	-	-	705,565
Sewer System	2,036,388	253,517	-	2,289,905
Machinery and equipment	4,770	-	-	4,770
Total Capital Assets Being Depreciated:	2,746,723	-	-	3,000,240
Totals	2,828,874	425,883	253,517	3,001,240
Less Accumulated Depreciation for:				
Water system	529,727	44,124	-	573,851
Sewer System	422,317	56,103	-	478,420
Machinery and equipment	4,054	191	-	4,245
Total Accumulated Depreciation	956,098	100,418	-	1,056,516
Capital Assets Being Depreciated, net	1,790,625			1,943,724
Business-type Activities Capital Assets, net	\$ 1,872,776			\$ 1,944,724

5. INTERFUND RECEIVABLES/PAYABLE

The following is a detailed list of interfund balances reported in the fund financial statements at December 31, 2021:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 481,012	\$ 12,212
Fire Protection Fund	12,212	-
Utility Fund	-	481,012
	\$ 493,224	\$ 493,224

Transfers from the general fund to the fire protection fund and utility fund are to provide supplemental funds for fund operations. These balances are not expected to be repaid within a year.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN

The Village of Grosse Tete (the Village) is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29 (F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a spate board of trustees.

Each System issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. The report may be obtained by writing, calling or downloading the report as follows:

MERS:
7937 Office Park Boulevard
Baton Rouge, Louisiana 70809
(225) 925-4810
www.mersla.com

MPERS:
7722 Office Park
Boulevard, Suite 200
Baton Rouge, LA 70809
www.lampers.com

Plan Description:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2018, there were 87 contributing municipalities in Plan A and 67 in Plan B. The Village of Grosse Tete is a participant in Plan A only.

The following is a description of the plan and its benefits and is provided for general information purposes only.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A, who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of credible service.
2. Age 60 with a minimum of ten (10) years credible service.
3. Any age with five (5) years of credible service eligible for disability benefits.
4. Survivor's benefits require five (5) years credible service at death of member.
5. Any age with 20 years of credible service, exclusive of military service with an actuarially reduced early benefit.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Eligibility for Retirement for Plan A and Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of credible service
2. Age 62 with ten (10) or more years of credible service
3. Age 55 with thirty (30) or more years of credible service
4. Any age with twenty five (25) years of credible service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued service to the age

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of credible service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Upon death of any member of Plan A with five (5) or more years of credible service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes. Any member of Plan A, who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits. Upon death for any member of Plan B with five (5) or more years of credible service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes. Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable by employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and received a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which make them eligible to become members of the System has been terminated for at least one full year. Upon termination of employment prior to or at the end of a specified period of participation, a participant in the Drop may receive, at his option, a lump sum from the account equal to the payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary, or if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of credible service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of credible service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of credible service projected to his earliest normal retirement age.

Municipal Police Employees' Retirement System (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

The following is a brief description of the plan and its benefits and is provided for general information purposes only.

Membership prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 1.2 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

Municipal Police Employees' Retirement System of Louisiana (MPERS)

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments: The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan: In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

Funding Policy

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plan are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended June 30, 2021, for the Village and covered employees were as follows:

	<u>Village</u>	<u>Employees</u>
Municipal Employees' Retirement System Plan A		
All employees	29.50%	10.00%
Municipal Police Employees' Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	33.75%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.75%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	36.25%	7.50%

The Village's contributions made to the System for the past three fiscal years, which equaled the required contributions for each of these years, were as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Municipal Employees' Retirement System Plan A	\$ 87,148	\$ 77,934	\$ 69,330
Municipal Police Employees' Retirement System	\$ 15,240	\$ 15,900	\$ 15,863

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

The following schedule lists the Village's proportionate share of the Net Pension Liability allocated by the pension plan for based on the June 30, 2021 measurement date. The Village uses this measurement to record its Net Pension Liability and associated amount as of December 31, 2021, in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2021 along with the change compared to the June 30, 2020 rate.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

The Village's proportion of the Net Pension Liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2021	Rate at June 30, 2021	Increase (Decrease) on June 30, 2020 Rate
Municipal Employees' Retirement System Plan A	\$ 384,668	0.1383%	0.0019%
Municipal Police Employees' Retirement System	83,865	0.0157%	(0.0011%)
	\$ 468,533		

The following schedule list each pension plan's recognized pension benefit of the Village for the year ended December 31, 2021:

	Total
Municipal Employees' Retirement System Plan A	\$ 215,055
Municipal Police Employees' Retirement System	47,720
	\$ 262,775

At December 31, 2021, the Village reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,982	\$ 139
Changes in assumptions	2,392	23,345
Net difference between projected and actual earnings on pension plan investments	147,539	-
Changes in proportion and differences in employer contributions and proportionate share of contributions	6,967	24,508
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	53,840	-
	\$ 217,720	\$ 47,992

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Municipal Employees' Retirement System Plan A	\$ 159,479	\$ 23,053
Municipal Police Employees' Retirement System	58,241	24,939
	\$ 217,720	\$ 47,992

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

The Village reported a total of \$53,840 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in Net Pension Liability in the year ended December 31, 2021. The following schedule list each pension contributions made subsequent to the measurement period for each plan:

	Subsequent Contributions
Municipal Employees' Retirement System Plan A	\$ 46,700
Municipal Police Employees' Retirement System	7,140
	\$ 53,840

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year	MERS	MPERS	Total
2022	\$ 7,767	\$ (2,975)	\$ 4,792
2023	17,359	6,118	23,477
2024	27,929	9,682	37,611
2025	36,671	13,337	50,008
	\$ 89,726	\$ 26,162	\$ 115,888

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2021, are as follows:

	MERS	MPERS
Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Expected Remaining Service Lives	3 years	4 years
Investment Rate of Return	6.850%	6.750% net of investment expenses
Inflation Rate	2.50%	2.50%
Mortality	Annuitant and beneficiary mortality - PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. Employee mortality - PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. Disabled lives mortality - PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.	Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, with full generational MP2019 scale. Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, with full generational MP2019 scale. Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, with full generational MP2019 scale.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

	MERS		MPERS	
Salary Increases	Years of Service	Salary Growth Rate	Years of Service	Salary Growth Rate
	1-4	6.4%	1-2	12.3%
	4 & over	4.5%	Above 2	4.70%

Cost of Living Adjustments

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree’s original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018 for MERS and July 1, 2014 through June 30, 2019 for MPERS.

The following schedule list the methods used by each of the retirement system in determining the long-term rate of return on pension plan investments:

MERS
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 6.950% for the year ended June 30, 2021.

MPERS
The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by the target asset allocation percentage and by adding expected inflation of 2.22% and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.30% for the year ended June 30, 2021.

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for the major asset class included in the Retirement System target asset allocations as of June 30, 2021:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public equity	53.0%	-	2.31%	-
Equity	-	55.5%	-	3.47%
Public fixed income	38.0%	-	1.65%	-
Fixed income	-	30.5%	-	0.59%
Alternatives	9.0%	14.0%	0.39%	1.02%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>4.35%</u>	<u>5.08%</u>
Inflation			<u>2.60%</u>	<u>2.22%</u>
Expected Arithmetic Nominal Return			<u>7.00%</u>	<u>7.30%</u>

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS was 6.850% and 6.750%, respectively, for the year ended June 30, 2021.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Village's proportionate share of the Net Pension Liability (NPL) using the discount rate for the Retirement System as well as what the Village's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by the Retirement System:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MERS			
Rates	5.850%	6.850%	7.850%
Village of Grosse Tete Share of NPL	\$ 569,713	\$ 384,668	\$ 228,372
MPERS			
Rates	5.750%	6.750%	7.750%
Village of Grosse Tete Share of NPL	\$ 146,164	\$ 83,865	\$ 31,867

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

6. PENSION AND RETIREMENT PLAN (continued)

Non-Employer Contributions

MPERS – The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2021, and excluded from pension expense.

MERS – According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities.

Amounts Payable to the Pension Plan

As of December 31, 2021, the Village had \$8,524 payable to the MERS and \$1,590 payable to the MPERS.

7. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village is a member of two separate trust funds established by the Louisiana Municipal Association that encompasses self-insurance of (1) Municipal professional liability and comprehensive general liability, and (2) Statutory workers' compensation. The Village carries commercial insurance for all other risk of loss.

8. DEFERRED COMPENSATION PLAN

All full-time employees are eligible to participate in the Louisiana Public Employees Deferred Compensation Plan. Through payroll deductions, employees can make pre-tax contributions to this 457 plan from eligible pay. The amount allowed to contribute to the plan is based on taxable compensation as defined by the Internal Revenue Code (IRC). In 2021, the Village matched employee's contributions up to 8.0%, dollar for dollar. The total employer contributions made for December 31, 2021 was \$12,671.

9. COMPENSATION OF VILLAGE OFFICIALS

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2021 is as follows:

Mayor-	
Michael Chauffe	\$ 26,400
Members of the Board	
Jeanie David	8,400
Marcus Hill	8,400
Clint Senaca	8,400
	<hr/>
	\$ 51,600

VILLAGE OF GROSSE TETE

NOTES TO THE FINANCIAL STATEMENTS

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, June 30, 2022, and determined that there were no events that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

VILLAGE OF GROSSE TETE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 736,300	\$ 641,500	\$ 811,198	\$ 169,698
Licenses and permits	42,340	42,340	41,955	(385)
Intergovernmental revenue	120,000	200,000	233,806	33,806
Fines and forfeitures	60,000	60,000	61,195	1,195
Interest	3,000	500	185	(315)
Miscellaneous	4,050	1,550	7,512	5,962
Total revenues	<u>965,690</u>	<u>945,890</u>	<u>1,155,851</u>	<u>209,961</u>
<u>EXPENDITURES</u>				
Current:				
General government	421,200	393,700	324,043	69,657
Public safety	177,650	179,850	132,975	46,875
Public works - highways and streets	335,600	336,100	321,832	14,268
Culture & recreational	20,000	15,000	10,622	4,378
Capital Outlay:				
General government	100,000	150,000	8,889	141,111
Public safety	20,000	30,000	-	30,000
Highways and streets	100,000	50,000	139,038	(89,038)
Total expenditures	<u>1,174,450</u>	<u>1,154,650</u>	<u>937,399</u>	<u>217,251</u>
Excess (deficiency) of revenues over expenditures	(208,760)	(208,760)	218,452	427,212
<u>OTHER FINANCING USES</u>				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing uses	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance	(268,760)	(268,760)	158,452	427,212
Fund Balance, Beginning of Year	<u>300,000</u>	<u>300,000</u>	<u>1,090,999</u>	<u>790,999</u>
Fund Balance, End of Year	<u>\$ 31,240</u>	<u>\$ 31,240</u>	<u>\$ 1,249,451</u>	<u>\$ 1,218,211</u>

VILLAGE OF GROSSE TETE
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 160,000	\$ 190,000	\$ 196,214	\$ 6,214
Interest	1,500	500	187	(313)
Miscellaneous	5,200	7,700	2,816	(4,884)
Total revenues	<u>166,700</u>	<u>198,200</u>	<u>199,217</u>	<u>1,017</u>
<u>EXPENDITURES</u>				
Current:				
Public Safety - Fire	123,925	150,125	118,041	32,084
Capital Outlay	42,775	48,075	-	48,075
Total expenditures	<u>166,700</u>	<u>198,200</u>	<u>118,041</u>	<u>80,159</u>
Excess of revenues over expenditures	-	-	81,176	81,176
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>467,253</u>	<u>467,253</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,429</u>	<u>\$ 548,429</u>

VILLAGE OF GROSSE TETE

**SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

LAST TEN FISCAL YEARS (1)

As of the fiscal year ended (2):	2021		2020		2019		2018	
	MERS (Plan A)	MPERS	MERS (Plan A)	MPERS	MERS (Plan A)	MPERS	MERS (Plan A)	MPERS
Employer's Proportion of the Net Pension Liability (Assets)	0.1383%	0.0157%	0.1364%	0.0168%	0.1332%	0.0151%	0.1293%	0.0110%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 384,668	\$ 83,865	\$ 589,808	\$ 155,502	\$ 556,656	\$ 136,688	\$ 535,390	\$ 92,817
Employer's Covered-Employee Payroll	\$ 285,511	\$ 48,000	\$ 280,870	\$ 48,000	\$ 246,789	\$ 48,000	\$ 237,101	\$ 32,400
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	134.7297%	174.7188%	209.9932%	323.9625%	225.5595%	284.7667%	225.8067%	286.4722%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.8169%	84.0881%	64.5220%	70.9450%	64.6752%	71.0078%	63.9406%	71.8871%
As of the fiscal year ended (2):								
	2017		2016		2015			
	MERS (Plan A)	MPERS	MERS (Plan A)	MPERS	MERS (Plan A)	MPERS		
Employer's Proportion of the Net Pension Liability (Assets)	0.1214%	0.0076%	0.1054%	0.0081%	0.0780%	0.0082%		
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 507,905	\$ 66,674	\$ 432,070	\$ 76,285	\$ 278,535	\$ 64,144		
Employer's Covered-Employee Payroll	\$ 221,424	\$ 22,800	\$ 188,307	\$ 22,800	\$ 132,817	\$ 21,900		
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	229.3812%	292.4298%	229.4498%	334.5833%	209.7134%	292.8950%		
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.4940%	66.0422%	62.1103%	66.0422%	66.1800%	70.7300%		

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(2) The amounts presented for MERS & MPERS have a measurement date of June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A) - Municipal Employee's Retirement System

MPERS - Municipal Police Employee's Retirement System

VILLAGE OF GROSSE TETE

SCHEDULE OF PLAN CONTRIBUTIONS

LAST TEN FISCAL YEARS (1)

	2021		2020		2019		2018	
	<u>MERS (Plan A)</u>	<u>MPERS</u>						
Contractually required contribution	\$ 87,040	\$ 15,240	\$ 76,695	\$ 15,600	\$ 71,938	\$ 15,701	\$ 60,866	\$ 14,359
Contributions in relation to contractually required contributions	87,148	15,240	77,934	15,900	69,330	15,378	60,529	14,359
Contribution deficiency (excess)	(108)	-	(1,239)	(300)	2,608	323	337	-
Employer's Covered Employee Payroll	\$ 295,050	\$ 48,000	\$ 267,698	\$ 48,000	\$ 266,815	\$ 47,500	\$ 239,888	\$ 45,500
Contributions as a % of Covered Employee Payroll	29.54%	31.75%	29.11%	33.13%	25.98%	32.37%	25.23%	31.56%
	2017		2016		2015			
	<u>MERS (Plan A)</u>	<u>MPERS</u>	<u>MERS (Plan A)</u>	<u>MPERS</u>	<u>MERS (Plan A)</u>	<u>MPERS</u>		
Contractually required contribution	\$ 50,161	\$ 7,239	\$ 37,191	\$ 6,726	\$ 25,940	\$ 7,088		
Contributions in relation to contractually required contributions	54,635	7,125	37,191	6,726	26,009	6,899		
Contribution deficiency (excess)	(4,474)	114	-	-	(69)	189		
Employer's Covered Employee Payroll	\$ 233,067	\$ 22,800	\$ 188,307	\$ 22,800	\$ 131,340	\$ 22,500		
Contributions as a % of Covered Employee Payroll	23.44%	31.25%	19.75%	29.50%	19.75%	31.50%		

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The two Retirement Systems reported in this schedule are as follows:
MERS (Plan A) - Municipal Employee's Retirement System
MPERS - Municipal Police Employee's Retirement System

VILLAGE OF GROSSE TETE
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2021

CHIEF EXECUTIVE OFFICER: Michael Chauffe, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 26,400
Benefits - retirement	7,788
Benefits - deferred compensation	2,112
Cellphone provided by Village	1,560
Membership dues	-
Conference registration fees	-
Travel and meals	<u>1,987</u>
Total	<u><u>\$ 39,847</u></u>

VILLAGE OF GROSSE TETE
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR SESSION
CASH BASIS PRESENTATION
FOR THE YEAR ENDED DECEMBER 31, 2021

	First Six Month Period Ended June 30, 2021	Second Six Month Period Ended December 31, 2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 626	\$ 626
Add: Collections		
Criminal Court Costs/Fees	4,020	5,640
Criminal Fines - Other	21,325	28,568
Subtotal Collections	25,345	34,208
Less: Disbursements To Governments & Nonprofits:		
Louisiana Commission on Law Enforcement - Criminal Court Costs/Fees	227	339
Louisiana Supreme Court - Criminal Court Costs/Fees	57	70
Treasurer, State of Louisiana CMIS - Criminal Court Costs/Fees	114	166
Louisiana Department of Health and Hospitals TH/SCI T.F. - Criminal Court Costs/Fees	510	805
Less: Amounts Retained by Collecting Agency		
Self-Disbursed Village of Grosse Tete, Criminal Fines - Other	21,325	28,568
Self-Disbursed Village of Grosse Tete, Criminal Court Cost/Fees	3,112	4,551
Subtotal Disbursements/Retainage	25,345	34,499
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 626	\$ 335



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

To the Honorable Mayor and
Members of the Board of Aldermen
Village of Grosse Tete, 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 Grosse Tete, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village of Grosse Tete, Louisiana's basic financial statements and have issued our report dated June 30, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Village of Grosse Tete, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Grosse Tete, Louisiana's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Village of Grosse Tete, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gonzales, Louisiana
June 30, 2022

VILLAGE OF GROSSE TETE

SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of the Village of Grosse Tete were prepared in accordance with GAAP.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Village of Grosse Tete, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2021-001 Segregation of Duties

Criteria: Effective internal controls are key to mitigating risk of fraud in billing and collection functions.

Condition: There is a lack of segregation of duties within the Village's accounting department. The following was observed:

- Individuals who process bills are not independent of the collection function.
- An individual who prepares deposits also maintains cash receipts ledger and posts entries to the general ledger.

Effect: A lack of segregation of duties does not provide effective internal controls over collections to mitigate potential fraud.

Cause: There is a lack of an appropriate number of accounting staff to properly segregate duties within the accounting department.

Recommendation: The Village has an independent CPA firm to assist its accounting department. We found that duties are divided between the CPA firm and the Village personnel so that internal controls are enhanced. However, it is still noted that the Village's size may make it unfeasible to adequately staff an accounting department with sufficient segregation of duties over all functions.

Management's response: Management concurs with this finding and will evaluate procedures to pursue proper segregation of duties.

C. FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

None

VILLAGE OF GROSSE TETE

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED DECEMBER 31, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

2020-001 Segregation of Duties

Condition: There is a lack of segregation of duties within the Village’s accounting department. The following was observed:

- Individuals who process bills are not independent of the collection function.
- An individual who prepares deposits also maintains cash receipts ledger and posts entries to the general ledger.

Current Years Status: Similar finding reported in current year.

B. FINDINGS – NON-COMPLIANCE WITH STATE LAWS AND REGULATIONS

2020-002 Public Bid Law

Condition: The Village purchased firefighting equipment during the year and did not obtain/solicit quotes to comply with public bid law requirements.

Current Years Status: No similar finding reported in current year.

VILLAGE OF GROSSE TETE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES REPORT
YEAR ENDED DECEMBER 31, 2021



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

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Village of Grosse Tete's management is responsible for those C/C areas identified in the SAUPs.

The Village of Grosse Tete has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and entity's operations:

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

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above with the exception of how vendors are added to the vendor list and the preparation and approval process of purchase requisitions and purchase orders.

Management's response: The Village plans to amend the purchasing policy to address how vendors are added to the vendor list.

c) ***Disbursements***, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the functions noted above.

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).

Written policies and procedures were obtained and address the functions noted above with the exception of management's actions to determine the completeness of all collections for each type of revenue.

Management's response: The Village intends to amend its policy to address the completeness of all collections for each type of revenue.

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

Written policies and procedures were obtained and address the functions noted above with the exception of review and approval of leave and overtime worked and the approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Management's response: The Village intends to amend its policy to address review and approval of leave and overtime worked and the 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.

Written policies and procedures were obtained and address the functions noted above with the exception of standard terms and conditions.

Management's response: The Village intends to amend its policy to address standard terms and conditions.

- 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 the statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained and address the functions noted above with the exception of monitoring possible ethics violations.

Management's response: The Village intends to amend its policy to address monitoring possible ethics violations.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

The Village does not have a Disaster Recovery/Business Continuity policy.

Management's response: The Village plans to prepare Disaster Recovery/Business Continuity policy to address the functions noted above and implement in the current year.

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

Written policies and procedures were obtained and address the functions noted above with the exception of annual reporting.

Management's responses: The Village intends to amend its policy to specifically address annual reporting.

Board (or Finance Committee, if applicable)

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Board met with quorum as required.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

The minutes documented the Board's review of financial activity of the entity.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable, the Village did not have a negative unassigned fund balance in the prior year.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Obtained listing of client bank accounts for the fiscal period from management and management's representation that listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

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

No exceptions noted.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained a listing of deposit sites and management's representation that listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations and management's representation that listing is complete.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Employees responsible for cash collections share cash drawers.

Management's Response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

- 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.

No exceptions noted.

- 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.

No exception noted for two of three employees at the Village hall. One employee responsible for collecting cash is responsible for posting collection entries to the general ledger or subsidiary ledgers without another employee/official responsible for reconciling ledger postings to each other and to the deposit.

Management's Response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

- 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 verifies the reconciliation.

No exception noted for two of three employees at the Village hall. One employee responsible for reconciling cash collections to the general ledger is responsible for collecting cash without another employee verifying the reconciliation.

Management's Response: Efforts will be made to segregate duties in the collection process to the extent possible with the limited number of employees involved.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

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

No exceptions noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing of locations that process payments and management's representation that listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exception noted.

b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- 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.

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

Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing payment and adding/modifying 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.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exception noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The disbursement documentation included evidence of segregation of duties tested under #9 with the exception of 9c as noted above.

Management's response: Due to the limited amount of Village administrative personnel, the Village is not able to properly segregate these functions of processing payment and adding/modifying vendor files.

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

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

Obtained listing of the credit cards and management's representation that listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No evidence that the monthly statement or combined statement and supporting documentation were reviewed and approved.

Management's response: The Village will document in writing review and approval of monthly statement or combined statement by someone other than the authorized card holder.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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.

Written documentation of the business/public purpose was not documented on all transactions.

Management’s response: Management will discuss the importance of documenting the business/public purpose for all transactions and provide written documentation of the business/public purpose for all credit card transactions going forward.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained listing of travel and related expense reimbursements and management’s representation that listing is complete.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions noted.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

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

Obtained listing of contracts initiated or renewed during the fiscal period and management's representation that listing is complete.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Contracts selected for testing were not amended.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained listing of employees and management's representation that listing was complete. Agreed paid salaries to authorized salaries/pay rates in the personnel file without exception.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Management represented that no employees or officials received termination payments during the fiscal period.

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

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Not applicable, no changes to the entity's ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

No debt was issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Village did not have debt outstanding at the end of the fiscal period.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserted that the entity did not have any misappropriations of public funds or assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

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

No exceptions noted.

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

No exceptions noted.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
No exceptions noted.
 - b. Number of sexual harassment complaints received by the agency;
No exception noted.
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
No exceptions noted.
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
No exceptions noted.
 - e. Amount of time it took to resolve each complaint.
No exceptions noted.

We were engaged by the Village of Grosse Tete 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 Grosse Tete 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.



Gonzales, Louisiana
June 30, 2022