

VILLAGE OF CONVERSE, LOUISIANA

**ANNUAL FINANCIAL REPORT
DECEMBER 31, 2025**

Village of Converse, Louisiana
Financial Report
December 31, 2025

TABLE OF CONTENTS

	<u>Page</u>
Required Supplementary Information	
Management's Discussion and Analysis	1-3
Independent Auditors' Report	4-6
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements	
Governmental Fund:	
Balance Sheet-Governmental Fund	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Fund	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Fund to the Statement of Activities	15
Proprietary Fund:	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18
Notes to Financial Statements	20-29

Village of Converse, Louisiana
Annual Financial Report
December 31, 2025

TABLE OF CONTENTS

	<u>Page</u>
<u>Other Required Supplementary Information</u>	
Budgetary Comparison Schedule – General Fund	31
<u>Supplementary Information</u>	
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	33
Justice System Funding Schedule – Collecting/Disbursing Entity, as Required by Act 87 of the 2020 Regular Legislative Session	34
<u>Other Reports/Schedules</u>	
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 <i>Government Auditing Standards</i>	36-37
Schedule of Audit Findings	38-39
Independent Accountant’s Report on Applying Statewide Agreed-Upon Procedures	40-47
Management’s Response to Exceptions to Statewide Agreed-Upon Procedures	48

VILLAGE OF CONVERSE, LOUISIANA

P. O. Box 40
Converse, LA 71419

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2025

The Management's Discussion and Analysis of the Village of Converse's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended December 31, 2025. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Converse's financial statements, which begin on page 9.

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Summary of Statement of Net Position

	December 2025			December 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$ 501,710	\$ 82,063	\$ 583,773	\$ 391,320	\$ 107,412	\$ 498,732
Due from Utility Fund	277,432	-	277,432	273,546	-	273,546
Capital Assets, Net of Accumulated Depreciation	683,226	1,689,444	2,372,670	738,260	1,769,884	2,508,144
Total Assets	\$ 1,462,368	\$ 1,771,507	\$ 3,233,875	\$ 1,403,126	\$ 1,877,296	\$ 3,280,422
LIABILITIES:						
Accounts & Other Payables	\$ 8,791	\$ 13,737	\$ 22,528	\$ 15,912	\$ 11,277	\$ 27,189
Due to General Fund	-	277,432	277,432	-	273,546	273,546
Customer Deposits	-	18,816	18,816	-	17,294	17,294
Total Liabilities	\$ 8,791	\$ 309,985	\$ 318,776	\$ 15,912	\$ 302,117	\$ 318,029
NET POSITION:						
Net Investment in Capital Assets	\$ 683,226	\$ 1,689,444	\$ 2,372,670	\$ 738,260	\$ 1,769,884	\$ 2,508,144
Unrestricted	770,351	(227,922)	542,429	648,954	(194,705)	454,249
Total Net Position	\$ 1,453,577	\$ 1,461,522	\$ 2,915,099	\$ 1,387,214	\$ 1,575,179	\$ 2,962,393

Summary of Statement of Activities

	December 2025			December 2024		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES						
Program Revenues-						
Intergovernmental-						
Grants	\$ 3,930	\$ -	\$ 3,930	\$ 85,000	\$ -	\$ 85,000
Charges for Services	77,497	184,102	261,599	70,049	168,966	239,015
General Revenues-						
Taxes	205,513	-	205,513	166,368	-	166,368
Royalties	84,154	-	84,154	11,899	-	11,899
Interest & Miscellaneous	14,733	163	14,896	25,161	257	25,418
Total Revenues	\$ 385,827	\$ 184,265	\$ 570,092	\$ 358,477	\$ 169,223	\$ 527,700
EXPENSES:						
General Government	\$ 140,205	\$ -	\$ 140,205	\$ 140,723	\$ -	\$ 140,723
Public Safety	81,970	-	81,970	96,867	-	96,867
Public Works	97,289	-	97,289	74,138	-	74,138
Water & Sewer	-	297,922	297,922	-	274,344	274,344
Total Expenses	\$ 319,464	\$ 297,922	\$ 617,386	\$ 311,728	\$ 274,344	\$ 586,072
Change in Net Position	\$ 66,363	\$ (113,657)	\$ (47,294)	\$ 46,749	\$ (105,121)	\$ (58,372)

Governmental Activities

The Village's assets exceeded its liabilities by \$1,453,577 for the year ending in December 31, 2025. This is an increase of \$66,363 from the prior year.

Business Type Activities

The Proprietary Fund, the water/sewer systems, had a decrease in net position of \$113,657 from the year ending December 31, 2025. This compares to a decrease of \$105,121 from the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025 the Village of Converse had \$683,226 and \$1,689,444, net of depreciation in Governmental Activities and Business-Type Activities, respectively, invested in a broad range of capital assets (See table below).

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Land	\$ 3,200	\$ 10,000
Buildings & Improvements	317,934	0
Distribution system	0	1,606,792
Streets & Improvements	266,160	0
Equipment, Furniture & Fixtures	<u>95,932</u>	<u>72,652</u>
Total	<u>\$683,226</u>	<u>\$1,689,444</u>

Debt

At December 31, 2025, the Village of Converse had no long-term debt.

VARIATIONS BETWEEN FINAL BUDGET AND ACTUAL

In the General Fund, actual revenues were \$112,217 more than budgeted amounts. This is a favorable variance.

Actual expenditures were \$29,230 more than budgeted amounts. This amount is not within the five percent allowable variance.

The Village's budget was not amended during the current year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

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

CONTACTING VILLAGE OF CONVERSE'S MANAGEMENT

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

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA, LLC

Jessica H. Broadway, CPA – A Professional Corporation

Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457

(318) 352-3652

Fax (318) 352-4447

www.tcbtcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, major funds and the aggregate remaining fund information of the Village of Converse ("Village") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and, where applicable, cash flows thereof of the Village of Converse as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying Schedule of Compensation, Benefits, and Other Payments to the Agency Head and Justice System Funding Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Agency Head and the Justice System Funding Schedule are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2026, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, we have issued a report, dated August 10, 2026, on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

Thomas, Cunningham, Broadway & Todtenbier, CPAs

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

August 10, 2026

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Converse
Statement of Net Position
December 31, 2025

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets:			
Cash & Cash Equivalents	\$ 456,996	\$ 45,920	\$ 502,916
Revenue Receivable	39,403	15,173	54,576
Due from Utility Fund	277,432	-	277,432
Prepaid Expenses	5,311	2,154	7,465
Restricted Assets-			
Cash & Cash Equivalents	<u>-</u>	<u>18,816</u>	<u>18,816</u>
Total Current Assets	<u>\$ 779,142</u>	<u>\$ 82,063</u>	<u>\$ 861,205</u>
Non-current Assets:			
Capital Assets (net)	<u>\$ 683,226</u>	<u>\$ 1,689,444</u>	<u>\$ 2,372,670</u>
Total Assets	<u>\$ 1,462,368</u>	<u>\$ 1,771,507</u>	<u>\$ 3,233,875</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable	\$ 8,791	\$ 13,737	\$ 22,528
Due to General Fund	<u>-</u>	<u>277,432</u>	<u>277,432</u>
Total Current Liabilities	<u>\$ 8,791</u>	<u>\$ 291,169</u>	<u>\$ 299,960</u>
Non-current Liabilities			
Customer Deposits	<u>-</u>	<u>18,816</u>	<u>18,816</u>
Total Liabilities	<u>\$ 8,791</u>	<u>\$ 309,985</u>	<u>\$ 318,776</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 683,226	\$ 1,689,444	\$ 2,372,670
Unrestricted	<u>770,351</u>	<u>(227,922)</u>	<u>542,429</u>
Total Net Position	<u>\$ 1,453,577</u>	<u>\$ 1,461,522</u>	<u>\$ 2,915,099</u>

See accompanying notes and independent auditors' report.

Village of Converse
Statement of Activities
December 31, 2025

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 140,205	\$ -	\$ 3,930	\$ -	\$ (136,275)	\$ -	\$ (136,275)
Public Safety	81,970	77,497	-	-	(4,473)	-	(4,473)
Public Works	97,289	-	-	-	(97,289)	-	(97,289)
							-
Total Governmental Activities	\$ 319,464	\$ 77,497	\$ 3,930	\$ -	\$ (238,037)	\$ -	\$ (238,037)
Business-Type Activities:							
Water/Sewer	\$ 297,922	\$ 184,102	\$ -	\$ -	\$ -	\$ (113,820)	\$ (113,820)
							-
Total Government	\$ 617,386	\$ 261,599	\$ 3,930	\$ -	\$ (238,037)	\$ (113,820)	\$ (351,857)
General Revenues:							
Taxes-							
Ad Valorem					\$ 30,324	\$ -	\$ 30,324
Sales Taxes					129,759	-	129,759
Other Taxes					45,430	-	45,430
Royalties					84,154	-	84,154
Interest & Miscellaneous					14,733	163	14,896
Total General Revenues					\$ 304,400	\$ 163	\$ 304,563
							-
Change in Net Position					\$ 66,363	\$ (113,657)	\$ (47,294)
Net Position, January 1, 2025					1,387,214	1,575,179	2,962,393
Net Position, December 31, 2025					\$ 1,453,577	\$ 1,461,522	\$ 2,915,099

See accompanying notes and independent auditors' report.

FUND FINANCIAL STATEMENTS

Village of Converse
Balance Sheet - Governmental Funds
December 31, 2025

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS:			
Cash & Cash Equivalents	\$ 455,348	\$ 1,648	\$ 456,996
Revenue Receivable	39,403	-	39,403
Due from Utility Fund	277,432	-	277,432
Prepaid Expenses	<u>5,311</u>	<u>-</u>	<u>5,311</u>
 Total Assets	 <u>\$ 777,494</u>	 <u>\$ 1,648</u>	 <u>\$ 779,142</u>
LIABILITIES:			
Accounts Payable	\$ 6,545	\$ -	\$ 6,545
Accrued Expenses	<u>2,246</u>	<u>-</u>	<u>2,246</u>
 Total Liabilities	 <u>\$ 8,791</u>	 <u>\$ -</u>	 <u>\$ 8,791</u>
FUND BALANCE:			
Nonspendable	\$ 5,311	\$ -	\$ 5,311
Restricted	-	1,648	1,648
Unassigned	<u>763,392</u>	<u>-</u>	<u>763,392</u>
 Total Fund Balance	 <u>\$ 768,703</u>	 <u>\$ 1,648</u>	 <u>\$ 770,351</u>
 Total Liabilities and Fund Balance	 <u>\$ 777,494</u>	 <u>\$ 1,648</u>	 <u>\$ 779,142</u>

See accompanying notes and independent auditors' report.

Village of Converse
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2025

Total Fund Balance for the Governmental Funds at December 31, 2025	\$ 770,351
---	------------

Total Net Position reported for Governmental Activities in
Statement of Net Position is different because:

The following used in Governmental Activities are
not current financial resources; and, therefore, are
not reported in the Governmental Funds Balance Sheet-

Capital Assets (Net)	<u>683,226</u>
----------------------	----------------

Total Net Position of Governmental Activities at December 31, 2025	<u>\$ 1,453,577</u>
---	---------------------

Village of Converse
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
December 31, 2025

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
REVENUES:			
Taxes-			
Ad Valorem	\$ 30,324	\$ -	\$ 30,324
Sales Tax	129,759	-	129,759
Other Taxes	45,430	-	45,430
Intergovernmental	3,930	-	3,930
Fines & Forfeits	77,497	-	77,497
Royalties	84,154	-	84,154
Miscellaneous	13,236	-	13,236
Interest	1,487	10	1,497
Total Revenues	<u>\$ 385,817</u>	<u>\$ 10</u>	<u>\$ 385,827</u>
EXPENDITURES:			
Current-			
General Government	\$ 120,888	\$ -	\$ 120,888
Public Safety	81,970	-	81,970
Public Works	52,392	-	52,392
Capital Outlay	9,180	-	9,180
Total Expenditures	<u>\$ 264,430</u>	<u>\$ -</u>	<u>\$ 264,430</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 121,387</u>	<u>\$ 10</u>	<u>\$ 121,397</u>
Fund Balance-Beginning of Year	<u>647,316</u>	<u>1,638</u>	<u>648,954</u>
Fund Balance-End of Year	<u>\$ 768,703</u>	<u>\$ 1,648</u>	<u>\$ 770,351</u>

See accompanying notes and independent auditors' report.

Village of Converse
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of the Governmental Funds
to the Statement of Activities
December 31, 2025

Net change in fund balance-governmental funds	\$	121,397
---	----	---------

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

Capital Outlay		9,180
Depreciation Expense		<u>(64,214)</u>

Change in net position per statement of activities at December 31, 2025	\$	<u>66,363</u>
--	----	---------------

Village of Converse
Statement of Net Position
Proprietary Fund-Water & Sewer Fund
December 31, 2025

ASSETS:

Current Assets-

Cash & Cash Equivalents	\$ 45,920
Revenue Receivable	15,173
Prepaid Insurance	<u>2,154</u>
Total Current Assets	\$ 63,247

Restricted Assets-

Cash & Cash Equivalents	18,816
-------------------------	--------

Capital Assets (net)	<u>1,689,444</u>
----------------------	------------------

Total Assets	<u>\$ 1,771,507</u>
--------------	---------------------

LIABILITIES:

Current Liabilities-

Accounts Payable	\$ 13,737
Due to General Fund	<u>277,432</u>
Total Current Liabilities	\$ 291,169

Current Liabilities Payable from Restricted Assets-

Customer Deposits	<u>18,816</u>
-------------------	---------------

Total Liabilities	<u>\$ 309,985</u>
-------------------	-------------------

Net Position:-

Net Investment in Capital Assets	\$ 1,689,444
Unrestricted	<u>(227,922)</u>

Total Net Position	<u><u>\$ 1,461,522</u></u>
--------------------	----------------------------

Village of Converse
Statement of Revenues, Expenses, and Changes in Net Position-
Proprietary Fund-Water & Sewer Fund
December 31, 2025

OPERATING REVENUES:

Charges for Services	
Water/Sewer	\$ 183,442
Miscellaneous	<u>660</u>
Total Operating Revenues	<u>\$ 184,102</u>

OPERATING EXPENSES:

Depreciation	\$ 80,440
Operations, Maintenance & Repairs	85,889
Office Supplies, Postage & Printing	2,951
Salaries & Related Benefits	91,861
Utilities & Telephone	<u>36,781</u>
Total Operating Expenses	<u>\$ 297,922</u>

Loss from Operations	\$ (113,820)
----------------------	--------------

NON-OPERATING REVENUES (EXPENSES):

Interest Income	<u>163</u>
-----------------	------------

Change in Net Position	\$ (113,657)
------------------------	--------------

Net Position-Beginning of Year	<u>\$ 1,575,179</u>
--------------------------------	---------------------

Net Position-End of Year	<u>\$ 1,461,522</u>
--------------------------	---------------------

Village of Converse
Statement of Cash Flows
Proprietary Fund-Water & Sewer Fund
December 31, 2025

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 183,754
Cash Payments to Employees	(91,861)
Cash Payments to Suppliers for Goods and Services	<u>(119,275)</u>
Net Cash Used by Operating Activities	<u>\$ (27,382)</u>
 Cash Flows from Investing Activities	
Interest Income	<u>\$ 163</u>
 Net Decrease in Cash & Cash Equivalents	\$ (27,219)
 Cash & Cash Equivalents - Beginning of Year	<u>91,955</u>
 Cash & Cash Equivalents - End of Year	<u><u>\$ 64,736</u></u>
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Income (Loss)	\$ (113,820)
 Adjustments to Reconcile Operating Income to Net Cash Provided (used) by Operating Activities:	
Depreciation	80,440
 Changes in Assets & Liabilities:	
(Increase) Decrease in Accounts Receivable	(1,870)
(Increase) Decrease in Due from General Fund	3,886
Increase (Decrease) in Accounts Payable	2,460
Increase (Decrease) in Customer Deposits	<u>1,522</u>
Total Adjustments	<u>\$ 86,438</u>
 Net Cash Used by Operating Activities	<u><u>\$ (27,382)</u></u>
 Reconciliation of Cash & Cash Equivalents at Year End:	
Cash & Cash Equivalents	\$ 45,920
Restricted Cash	<u>18,816</u>
Total Cash Ending & Cash Equivalents	<u><u>\$ 64,736</u></u>

See accompanying notes and independent auditor's report.

NOTES TO FINANCIAL STATEMENTS

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

Introduction:

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

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

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

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

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

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

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

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

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

C. FUND ACCOUNTING-

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

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

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

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

The funds of the Village are described below:

Governmental Funds-

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

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

Proprietary Fund-

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

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

Accrual Basis – Government-Wide Financial Statements (GWFS)

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

Modified Accrual Basis – Fund Financial Statements (FFS)

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

E. CASH AND INTEREST-BEARING DEPOSITS-

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

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets.

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

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

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

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

G. RESTRICTED ASSETS-

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

H. COMPENSATED ABSENCES AND POST-EMPLOYMENT BENEFITS-

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

I. EQUITY CLASSIFICATIONS-

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

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

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

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

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

The General Fund has an unassigned fund balance of \$763,392. If applicable, the Village would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

J. EXPENDITURES/EXPENSES-

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

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

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

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

K. BUDGET AND BUDGETARY ACCOUNTING-

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

L. ESTIMATES-

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

M. LONG-TERM OBLIGATIONS

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

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. In the fund financial statements, the face amount of the debt issued is reported as other financing sources. At December 31, 2025, the Village had no outstanding long-term debt.

N. RECEIVABLES-

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

O. BAD DEBTS-

All accounts receivable are considered to be fully collectible.

P. SALES TAXES-

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

2. Ad Valorem Taxes:

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

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

Property Tax Calendar

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

For the year ended December 31, 2025, taxes of 10.78 mills were levied on property and were dedicated as follows:

General Corporate Purposes	4.53 mills
Street Fund	6.25 mills

Total taxes recognized were \$30,324 after small adjustments were made to the original tax roll.

3. Cash and Cash Equivalents:

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

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

At December 31, 2025, the Village had \$521,848 in deposits (collected bank balances). The deposits are stated at cost which approximates market. These deposits are secured from risk as follows:

Demand Deposits	\$ 506,284
Time Deposits	15,564
FDIC Insurance	(265,564)
Pledged Securities	<u>(256,284)</u>
Uninsured	<u>\$ 0</u>

4. Accounts Receivable:

The following is a summary of accounts receivable at December 31, 2025:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes-			
Ad Valorem	\$10,456	\$ 0	\$10,456
Franchise	4,809	0	4,809
Sales Tax	10,999	0	10,999
Royalty	7,367	0	7,367
Other	5,772	0	5,772
Charges for services	<u>0</u>	<u>15,173</u>	<u>15,173</u>
Total	<u>\$39,403</u>	<u>\$15,173</u>	<u>\$54,576</u>

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

5. Capital Assets:

Capital assets and depreciation activity for the year ended December 31, 2025, are as follows:

<u>Governmental Activities</u>	<u>Balance 1/1/2025</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2025</u>
Capital Assets not Depreciated:				
Land	\$ 1,600	\$ 1,600	\$ -	\$ 3,200
Construction in Progress	6,380	7,580	13,960	-
Capital Assets Depreciated				
Building & Improvements	674,225	13,960	-	688,185
Equipment, Furniture & Fixtures	228,489	-	29,316	199,173
Streets & Improvements	535,067	-	-	535,067
Total Capital Assets Depreciated	<u>\$ 1,437,781</u>	<u>\$ 13,960</u>	<u>\$ 29,316</u>	<u>\$ 1,422,425</u>
Total Capital Assets	<u>\$ 1,445,761</u>	<u>\$ 23,140</u>	<u>\$ 43,276</u>	<u>\$ 1,425,625</u>
Less: Accumulated Depreciation				
Building & Improvements	\$ 353,619	\$ 16,632	-	\$ 370,251
Equipment, Furniture & Fixtures	111,728	20,829	29,316	103,241
Streets & Improvements	242,154	26,753	-	268,907
Total Accumulated Depreciation	<u>\$ 707,501</u>	<u>64,214</u>	<u>29,316</u>	<u>742,399</u>
Net Capital Assets	<u>\$ 738,260</u>	<u>\$ (41,074)</u>	<u>\$ 13,960</u>	<u>\$ 683,226</u>
<u>Business-Type Activities</u>				
Capital Assets not Depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Capital Assets Depreciated				
Distribution System	\$ 2,972,533	\$ -	\$ -	\$ 2,972,533
Equipment, Furniture & Fixtures	343,351	-	-	343,351
Total Capital Assets Depreciated	<u>\$ 3,315,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,315,884</u>
Total Assets	<u>\$ 3,325,884</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,325,884</u>
Accumulated Depreciation:				
Distribution System	\$ 1,292,902	\$ 72,839	\$ -	\$ 1,365,741
Equipment, Furniture & Fixtures	263,098	7,601	-	270,699
Total Accumulated Depreciation	<u>\$ 1,556,000</u>	<u>\$ 80,440</u>	<u>\$ -</u>	<u>\$ 1,636,440</u>
Net Capital Assets	<u>\$ 1,769,884</u>	<u>\$ (80,440)</u>	<u>\$ -</u>	<u>\$ 1,689,444</u>

Depreciation expense of \$19,317 was charged to the General Government function and \$44,897 was charged to the Public Works function for governmental activities, and \$80,440 was charged to the business-type activities.

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

6. Accounts Payable/Accruals:

The following is a summary of accounts payable and accruals December 31, 2025:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Vendors	\$6,545	\$13,737	\$20,282
Accrued Payroll Taxes	<u>2,246</u>	<u>0</u>	<u>2,246</u>
Total	<u>\$8,791</u>	<u>\$13,737</u>	<u>\$22,528</u>

7. Risk Management:

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

8. Related Parties:

The Village had no identified related party transactions for the year ended December 31, 2025.

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

Troy H. Terrell – Mayor	\$ 9,600
Christina Ebarb	2,400
Rodney Rutherford	2,400
Travis Womack	<u>2,400</u>
Total	<u>\$16,800</u>

10. Pension Plans:

All employees of the Village of Converse, Louisiana are covered by the Social Security System. Employees contribute 6.2 percent of their total salary to the System, while the Village contributes 6.2 percent. For the year ended December 31, 2025, the Village contributed \$11,498. Any future deficit in this System will be financed by the United States Government.

11. Tax Abatement:

The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development's Board of Commerce and Industry. There were no industrial exemptions in ad valorem taxes for the Village of Converse for the fiscal year ending December 31, 2025.

12. Long-Term Debt and Capitalized Leases:

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

Village of Converse, Louisiana
Notes to Financial Statements
December 31, 2025

13. Litigation and Claims:

Management has advised that there is no litigation pending against the Village of Converse, Louisiana at December 31, 2025.

14. Subsequent Events:

Management has evaluated events through August 10, 2026, the date on which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Village of Converse
General Fund
Budgetary Comparison Schedule
December 31, 2025

	<u>Budget</u>		Variance- Favorable (Unfavorable)
	<u>Original/Final</u>	<u>Actual</u>	
REVENUES:			
Taxes-			
Ad Valorem	\$ 25,000	\$ 30,324	\$ 5,324
Sales Tax	110,000	129,759	19,759
Other Taxes	46,000	45,430	(570)
Intergovernmental	3,500	3,930	430
Fines & Forfeits	80,000	77,497	(2,503)
Royalties	1,000	84,154	83,154
Miscellaneous	7,100	13,236	6,136
Interest	1,000	1,487	487
Total Revenues	<u>\$ 273,600</u>	<u>\$ 385,817</u>	<u>\$ 112,217</u>
EXPENDITURES:			
Current-			
General Government	\$ 107,800	\$ 120,888	\$ (13,088)
Public Safety	87,300	81,970	5,330
Public Works	40,100	52,392	(12,292)
Capital Outlay	-	9,180	(9,180)
Total Expenditures	<u>\$ 235,200</u>	<u>\$ 264,430</u>	<u>\$ (29,230)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ 38,400	\$ 121,387	\$ 82,987
Fund Balance-Beginning of Year	<u>647,316</u>	<u>647,316</u>	<u>-</u>
Fund Balance-End of Year	<u>\$ 685,716</u>	<u>\$ 768,703</u>	<u>\$ 82,987</u>

See accompanying notes and independent auditors' report.

SUPPLEMENTARY INFORMATION

Village of Converse, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2025

Agency Head Name: Troy Terrell, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 9,600
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other (Social Security/Medicare)	734
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$10,334</u>

See independent auditors' report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	Village of Converse	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2360	
Date that reporting period ended (mm/dd/yyyy)	12/31/2025	
	First Six Month Period Ended 6/30/2025	Second Six Month Period Ended 12/31/2025
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	1,739	1,336
Add: Collections		
Criminal Court Costs / Fees	41,374	35,968
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
LA Commission on Law Enforcement	286	231
Treasurer of the State of Louisiana	142	119
North Louisiana Criminal Lab	3,960	3,190
11th/42nd JDC Indigent Defender Fund ACT #361	1,409	1,190
Ware Youth Center	1,065	885
Louisiana Judicial College	70	60
LDHH THSCI	580	495
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Collection Fee retained by Village	34,265	30,272
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	1,336	862
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	5,585
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

OTHER REPORTS/SCHEDULES

T | C | B | T
THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER
Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities, business-type activities, major funds, and the aggregate remaining fund information of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Village of Converse's (Village) basic financial statements and have issued our report thereon dated August 10, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2025-001.

Village of Converse's Responses to Findings

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

Purpose of this Report

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

August 10, 2026

Village of Converse, Louisiana
Schedule of Audit Findings
For the Year Ended December 31, 2025

I. SUMMARY OF AUDIT RESULTS

The following summarizes the audit results:

1. An unmodified opinion was issued on the basic financial statements of the Village of Converse as of and for the year ended December 31, 2025.
2. The audit disclosed no instances of material weaknesses in internal control that are required to be reported under *Government Auditing Standards*.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*:

Compliance –

2025-001 Inadequate Budget Monitoring and Control

Criteria – Sound financial management practices and applicable state laws require management to prepare, monitor, and amend budgets as necessary to ensure expenditures remain within approved budgetary limits. Effective budget monitoring is an essential control that helps ensure resources are used as intended and financial decisions are made based on current budget information.

Condition – For the year ended December 31, 2025, the General Fund actual expenditures were more than the budgeted expenditures by more than the 5% variance allowed.

Cause – The condition resulted from insufficient oversight of the budget monitoring process and the absence of formal procedures requiring periodic comparisons of actual expenditures to the approved budget.

Effect – Failure to adequately monitor the budget increases the risk of unauthorized expenditures, noncompliance with applicable laws, grant requirements, or governing board approvals, and may impair management's ability to make informed financial decisions.

Recommendation – We recommend that management implement procedures to review budget-to-actual financial reports on a regular basis, document those reviews, and present necessary budget amendments to the appropriate approving authority before significant variances occur. Written policies should establish responsibility for budget monitoring and the timing of required reviews.

Management's Response – We will implement procedures to review budget-to-actual financial reports on a regular basis and amend the budget as required by state law.

Village of Converse, Louisiana
Schedule of Audit Findings (continued)
For the Year Ended December 31, 2025

III. PRIOR YEAR FINDING

For the year ended December 31, 2024, the Village had the following internal control finding:

2024-001 Segregation of Duties

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

Status – This finding was cleared for December 31, 2025.



THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
Roger M. Cunningham, CPA, LLC
Jessica H. Broadway, CPA – A Professional Corporation
Ryan E. Todtenbier, CPA – A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447
www.tcbtcpa.com

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

To the Village of Converse and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. The Village of Converse's (Village) management is responsible for those C/C areas identified in the SAUPs.

The Village has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user for this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the operations:
 - ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ***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.
 - ***Disbursements***, including processing, reviewing, and approving.
 - ***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.)
 - ***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.

- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- **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.
- **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedure Results: Exceptions were noted as a result of these procedures. The Village does not have written policies and procedures that address financial matters.

Board or Finance Committee

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent documents in effect during the fiscal period, and:
 - Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and quarterly budget-to-actual comparisons on the proprietary fund.
 - Obtained the prior year audit report and observed the unassigned fund balance in the General Fund.
 - Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedure Results: No exceptions were noted as a result of these procedures.

Bank Reconciliations

3. We obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for the selected accounts, and observed that:

- Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g. initialed and dated, electronically logged);
- Bank reconciliations included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g. initialed and dated, electronically logged); and
- Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedure Results: We noted exceptions as a result of these procedures. There was no written evidence that management reviews bank reconciliations.

Collections (excluding electronic funds transfers)

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

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

Procedure Results: No exceptions were noted as a result of these procedures.

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

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

Procedure Results: No exceptions were noted as a result of these procedures.

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

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

13. Using the listing prepared by management, we randomly selected the required amount of cards (up to five) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly selected one monthly bank statement), and obtained supporting documentation, and:
- We observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - We observed that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected the required number of transactions (up to ten) from each statement, and obtained supporting documentation for the transactions. For each transaction, we observed that it is supported by (a) an original itemized receipt that identified precisely what was purchased, (b) written documentation of the business/public purpose, and (c) documentation of the individuals participating in meals (for meal charges only). For missing receipts, we described the nature of the transaction and noted whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Procedure Results: No exceptions were noted as a result of these procedures.

Travel and Expense Reimbursement

15. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. We randomly selected 5 reimbursements, and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- If reimbursed using a per diem, we observed that the approved reimbursement rate is no more than those rates established by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - We observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1, 8th bullet).
 - We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedure Results: No exceptions were noted as a result of these procedures.

Contracts

16. We obtained from management a listing of all agreements/contracts (or active vendor list) for professional services, materials, and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management’s representation that the listing is complete. We randomly selected the required amount of contracts (up to 5) from the listing, excluding our contract, and:
- We observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- We observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- If the contract was amended (e.g. change order), we observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the document approval).
- We randomly selected one payment from the fiscal period for each of the selected contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

Procedure Results: No exceptions were noted as a result of these procedures.

Payroll and Personnel

17. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
18. We randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, we obtained attendance records and leave documentation for the pay period, and:
 - We observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - We observed that supervisors approved the attendance and leave of the selected employees or officials.
 - We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - We observed that the rate paid to the employees or officials agrees to the authorized salary/pay rate found with the personnel file.
19. We obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. If applicable, we selected two employees or officials, and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. If applicable, we agreed the hours to the employee's or official's cumulative leave records, and the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and the termination payment to entity policy.
20. We obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedure Results: No exceptions were noted as a result of these procedures.

Ethics

21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:
 - We observed whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - We observed that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

22. We inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedure Results: No exceptions were noted as a result of these procedures.

Debt Service

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

Procedure Results: No exceptions were noted as a result of these procedures.

Fraud Notice

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

Procedure Results: No exceptions were noted as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

27. We performed the following procedures:
- We obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquired of personnel responsible for backing up critical data) and observed that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - We obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquired of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - We obtained a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. We randomly selected the required number of computers (at least 5) and observed while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. We randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #19, and observed evidence that the selected terminated employees have been removed or disabled from the network.

29. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, we obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the selected employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020, completed the training.
- Hired on or after June 9, 2020, completed the training within 30 days of initial service or employment

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

Prevention of Sexual Harassment

30. We randomly selected the employees/officials from procedure #17 under “Payroll and Personnel” above, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

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

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

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

Procedure Results: No exceptions were noted as a result of these procedures.

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

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

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

Thomas, Cunningham, Broadway & Todtenbier, CPA's

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

August 10, 2026

Village of Converse, Louisiana
Management's Response to Exceptions
December 31, 2025

MANAGEMENT'S RESPONSE TO EXCEPTIONS:

Item 1: Exception – *The Village does not have written policies and procedures that address financial matters.*

Response – We will work to get a written policy and procedure that addresses financial matters.

Item 3: Exception – *There was no written evidence that management reviews bank reconciliations.*

Response – In the future, we will sign off on bank reconciliation reports before sending them to the CPA.