

**Village of Hosston, Louisiana**

**Financial Statements**

**As of and for the Year Ended December 31, 2019**

Village of Hosston, Louisiana  
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# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Accountants' Review Report

To the Honorable Betty "Susie" Giles, Mayor  
and the Village Council  
Village of Hosston, Louisiana  
Hosston, Louisiana

We have reviewed the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Village of Hosston, Louisiana, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility 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; this includes 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22-23 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Management has omitted the management's discussion and analysis information that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

### **Supplementary Information**

The supplementary information included in the accompanying Schedule of Compensation Paid to Council Members and Mayor on page 24, the Schedule of Compensation, Benefits and Other Payments to Agency Head on page 25, and the Schedule of Revenue and Expenditures – LCDBG on page 26 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 financial statements. The supplemental information has been subjected to the review procedures applied in the review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.



Cook & Morehart  
Certified Public Accountants  
June 26, 2020

Village of Hosston  
Hosston, Louisiana  
Statement of Net Position  
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash	\$ 4,476	\$ 43,288	\$ 47,764
Restricted cash and cash equivalents		10,392	10,392
Investments	320,742		320,742
Receivables	25,544	52,167	77,711
Prepaid items	1,097		1,097
Capital assets, net			
Non-depreciable	23,857	45,292	69,149
Depreciable (net)	110,632	520,774	631,406
<b>Total Assets</b>	<b>486,348</b>	<b>671,913</b>	<b>1,158,261</b>
<b>Liabilities</b>			
Accounts payable	1,624	42,030	43,654
Payable from restricted assets:			
Customer deposits		10,392	10,392
Payroll taxes payable	3,224		3,224
<b>Total liabilities</b>	<b>4,848</b>	<b>52,422</b>	<b>57,270</b>
<b>Net Position</b>			
Net investment in capital assets	134,489	524,036	658,525
Unrestricted	347,011	95,455	442,466
<b>Total net position</b>	<b>\$ 481,500</b>	<b>\$ 619,491</b>	<b>\$ 1,100,991</b>

See accompanying notes and independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2019

Functions/Programs:	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Governmental activities:</b>						
General government	\$ 107,782	\$ 9,368	\$	\$	\$ (98,414)	\$ (98,414)
Public works	53,198				(53,198)	(53,198)
Public safety	25,665	2,912			(22,753)	(22,753)
Total governmental activities	<u>186,645</u>	<u>12,280</u>			<u>(174,365)</u>	<u>(174,365)</u>
<b>Business-type activities</b>						
Water	149,143	93,879	22,023	54,292		21,051
Total business-type activities	<u>149,143</u>	<u>93,879</u>	<u>22,023</u>	<u>54,292</u>		<u>21,051</u>
<b>Total government</b>	<u>\$ 335,788</u>	<u>\$ 106,159</u>	<u>\$ 22,023</u>	<u>\$ 54,292</u>	<u>(174,365)</u>	<u>21,051</u>
<b>General revenues:</b>						
Franchise taxes					59,696	59,696
Investment earnings					5,580	5,797
Intergovernmental					49,817	49,817
Licenses and permits					57,918	57,918
Miscellaneous					3,217	3,217
Transfers					(598,223)	598,223
Total general revenues and transfers					<u>(421,995)</u>	<u>598,440</u>
Changes in net position					(596,360)	619,491
Net position, beginning					1,077,860	1,077,860
Net position, ending					<u>\$ 481,500</u>	<u>\$ 619,491</u>
						<u>\$ 1,100,991</u>

See accompanying notes and independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Balance Sheet  
Governmental Fund  
December 31, 2019

	General
Assets	
Cash	\$ 4,476
Investments	320,742
Receivables	25,544
Total Assets	\$ 350,762
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 1,624
Payroll taxes payable	3,224
Total Liabilities	4,848
Fund balance	
Unassigned	345,914
Total Fund Balance	345,914
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>	1,097
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	134,489
Net Position of Governmental Activities	\$ 481,500

See accompanying notes and independent accountants' review report.

Village of Hosston  
 Hosston, Louisiana  
 Statement of Revenues, Expenditures and Changes in Fund Balance  
 Governmental Fund  
 For the Year Ended December 31, 2019

	General
Revenues:	
Franchise taxes	\$ 59,696
Interest earnings	5,580
Intergovernmental	49,817
Licenses and permits	57,918
Charges for services	12,280
Miscellaneous	3,217
Total revenues	188,508
Expenditures:	
Current	
General government	96,442
Public works	53,198
Public safety	25,664
Capital outlays	68,165
Total expenditures	243,469
Excess of revenues over (under) expenditures	(54,961)
Fund balance, beginning of year	400,875
Fund balance, end of year	\$ 345,914

See accompanying notes and independent accountants' review report.



Village of Hosston  
 Hosston, Louisiana  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of the Governmental Fund to the Statement of Activities  
 For the Year Ended December 31, 2019

Net change in fund balance - governmental fund	\$	(54,961)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>The net effect of various transactions involving capital assets is to decrease net assets.</p>		
Transfer of fixed assets to utility fund		(598,223)
<p>The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.</p>		
		1,097
<p>Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$68,165) exceeds depreciation (\$12,438) in the current period.</p>		
		55,727
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(596,360)</u>

See accompanying notes and independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Statement of Net Position  
Proprietary Fund  
December 31, 2019

	Business-Type Activities
	Enterprise Fund
	Water Fund
<b>Assets</b>	
Current assets	
Cash	\$ 43,288
Grant receivable	42,030
Accounts receivable	10,137
Restricted cash and cash equivalents	10,392
Total current assets	105,847
Noncurrent assets	
Land	3,262
Construction in process	42,030
Water system	1,545,300
Less: accumulated depreciation	(1,024,526)
Total noncurrent assets	566,066
Total assets	671,913
<b>Liabilities</b>	
Current liabilities	
Accounts payable	42,030
Payable from restricted assets:	
Customer deposits	10,392
Total current liabilities	52,422
<b>Net position</b>	
Net investment in capital assets	524,036
Unrestricted	95,455
Total net position	\$ 619,491

See accompanying notes and independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended December 31, 2019

	Business-Type Activities
	Enterprise Fund
	Water Fund
Operating Revenues	
Charges for services - water service charges	\$ 93,879
Total operating revenues	93,879
Operating Expenses	
Bank fees	493
Contract labor	600
Insurance	2,466
Miscellaneous	1,380
Office expense	1,722
Postage	564
Professional services	1,000
Repair and maintenance	29,803
Safe drinking water fee	2,072
Supplies	5,853
Telephone	2,116
Utilities	12,357
Depreciation	88,717
Total operating expenses	149,143
Operating income (loss)	(55,264)
Non-Operating Revenues	
Interest income	217
Miscellaneous revenue	22,023
Total non-operating revenues	22,240
Income (loss) before contributions	(33,024)
Capital contributions	652,515
Change in net position	619,491
Total net position, beginning of year	
Total net position, end of year	\$ 619,491

See accompanying notes and independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2019

	Business-Type Activities Enterprise Fund	Water Fund
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 94,134	
Payments to suppliers for goods and services	(60,426)	
Net cash provided by operating activities	33,708	
Cash Flows from Investing Activities		
Interest income		217
Net cash provided by investing activities		217
Cash Flows From Non-Capital Financing Activities		
Contribution		22,023
Net cash provided by non-capital financing activities		22,023
Cash flows from Capital and Related Financing Activities		
Acquisition / construction of capital assets		(2,268)
Net cash (used in) capital and related financing activities		(2,268)
Net increase in cash		53,680
Cash, beginning of year		_____
Cash, end of year	\$	53,680
Cash and cash equivalents are reflected on the Statement of Net Position as follows:		
Cash and cash equivalents	\$ 43,288	
Cash and cash equivalents - restricted	10,392	
Total	\$ 53,680	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (55,264)	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense		88,717
Accounts receivable		(10,137)
Customer deposits		10,392
Net cash provided by operating activities	\$ 33,708	
Supplemental Schedule of Noncash Capital and Related Financing Activity:		
Capital assets acquired	\$ 654,783	
Vendor payable for property and equipment	(42,030)	
Donated assets	(12,262)	
Transfer in of assets from General Fund	(598,223)	
Cash paid for property and equipment	\$ 2,268	

See accompanying notes and independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019

Introduction

The Village of Hosston, Louisiana (The Village) was incorporated in 1968, under the provisions of the Lawrason Act. The Village is located in the Parish of Caddo. Elected officials of the Village of Hosston are a mayor and three (3) alderman who are elected every four years.

Effective January 7, 2019, the Village accepted the donation and quitclaim deed of the Hosston-Mira Water System and began operating the water system at that time. Activity of the water system is reflected in the accompanying financial statements in the business-type activities-enterprise fund.

(1) Summary of Significant Accounting Policies

The Village of Hosston's financial statements are 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). The more significant accounting policies established in GAAP and used by the Village of Hosston are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Village of Hosston is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Village of Hosston), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Village of Hosston are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB established criteria for determining which component units should be considered part of the Village of Hosston for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Village to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village.
2. Organizations for which the Village does not appoint a voting majority but are fiscally dependent on the Village.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

**B. Basic Financial Statements – Government-Wide Statements**

The Village of Hosston's basic financial statements include both government-wide (reporting the funds maintained by the Village of Hosston as a whole) and fund financial statements (reporting the Village of Hosston's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Village's general fund is classified as governmental activities. The Village's water services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Village of Hosston's net position is reported in two parts – invested in capital assets, net of related debt, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Village of Hosston's functions. The functions are also supported by general government revenues (franchise taxes, licenses and permits, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water services.

The net costs (by function) are normally covered by general revenue (franchise taxes, license and permits, interest income, etc.).

This government-wide focus is more on the sustainability of the Village of Hosston as an entity and the change in the Village of Hosston's net assets resulting from the current year's activities.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Village of Hosston are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Village of Hosston:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Village of Hosston:
  - a. General fund is the general operating fund of the Village of Hosston. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Village:
  - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

Enterprise Fund – accounts for the provision of water services of the Village.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures 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.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Village's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

F. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. 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. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	5-39 years
Furniture and equipment	5-15 years
Water system	15-30 years

GASB requires the Village to report and depreciate new infrastructure assets effective July 1, 2003. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Village. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

(Continued)



Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

G. Revenues

Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Franchise taxes and interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Village is entitled to the funds.

H. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

I. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

J. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

K. Bad Debts

The Village uses the direct charge-off method of accounting for sewer system receivables. Although this method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

L. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the governmental fund and government-wide financial statements.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

M. Statement of Cash Flows

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

N. Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the Village Council (the Village's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the board of aldermen removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the Mayor, an appointed body or official the Village Council has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.
5. Unassigned fund balance are the residual classification for the Village's general fund and include all spendable amounts not contained in the other classifications.

The Village's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

O. Postretirement Benefits

The Village provides no postretirement benefits to its employees.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

P. Compensated Absences

The Village provides for leave for its employees, but does not allow any carry forward of that time not used during the year.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At this time, the Village has no transactions that meet the definition of deferred outflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At this time, the Village has no transactions that meet the definition of deferred inflows of resources.

R. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) On-Behalf Payments

The Village received a total of \$6,000 in police supplemental pay from the State of Louisiana. The Village recognizes this supplemental pay received by the employees as revenues and expenditures of the Village. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

(3) Budgets

The Village follows the following budget practices:

Formal budgetary accounting is employed as a management control. Village of Hosston prepares and adopts a budget each year for its general and utility funds in accordance with Louisiana Revised Statutes. The Village's budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year. Budgets are adopted on a cash basis on all funds. All budget appropriations lapse at year end. There was one budget amendment during the year ended December 31, 2019.

(4) Cash, Cash Equivalents, and Investments

At December 31, 2019, the Village had cash, cash equivalents, and investments (book balances), totaling \$378,898, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2019 (book balances) totaled \$58,156, of which \$10,392 is shown as a restricted asset. These deposits are stated at cost, which approximates market. 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 the amount on deposit with the fiscal agent.

B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at December 31, 2019, consisted of certificates of deposit totaling \$320,742 with maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2019, \$70,742 of the Village's bank balances totaling \$380,580 was exposed to custodial credit risk as uninsured and collateral held by pledging bank's trust department not in Village's name.

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(5) Commitments

During the year ended December 31, 2019, the Village entered into construction, engineering, and consulting contracts totaling approximately \$485,905, for improvements to the water system. Funding for the improvements is being provided in part by a contract from the Louisiana Community Development Block Grant in the amount of \$491,700. As of December 31, 2019, approximately \$42,030 had been incurred on these contracts, with the balance remaining to be incurred subsequent to December 31, 2019.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

(6) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2019 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
<b>Capital assets, not being depreciated</b>					
Land	\$ 23,857	\$	\$	\$	\$ 23,857
Total capital assets, not being depreciated	23,857				23,857
<b>Capital assets, being depreciated</b>					
Buildings and other improvements	158,262				158,262
Equipment and vehicles	86,971	68,165		(43,818)	111,318
Furnishings and fixtures	10,869				10,869
Roads, parks, recreation	57,149				57,149
Water system and improvements	1,490,214			(1,490,214)	
Total capital assets being depreciated	1,803,465	68,165		(1,534,032)	337,598
<b>Less accumulated depreciation for:</b>					
Buildings and other improvements	(84,971)	(4,146)			(89,117)
Equipment and vehicles	(69,690)	(7,106)			(76,796)
Furnishings and fixtures	(9,051)	(519)			(9,570)
Roads, parks, recreation	(50,816)	(667)			(51,483)
Water system and improvements	(935,809)			935,809	
Total accumulated depreciation	(1,150,337)	(12,438)		935,809	(226,966)
Total capital assets being depreciated, net	653,128	55,727		(598,223)	110,632
Governmental activities capital assets, net	\$ 676,985	\$ 55,727	\$	\$ (598,223)	\$ 134,489

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-Type Activities:</b>					
Capital assets, not being depreciated					
Land	\$	\$ 3,262	\$	\$	\$ 3,262
Construction in process		42,030			42,030
Total capital assets, not being depreciated		45,292			45,292
Capital assets, being depreciated					
Buildings and other improvements		4,000			4,000
Water system and improvements		7,268		1,534,032	1,541,300
Total capital assets, being depreciated		11,268		1,534,032	1,545,300
Less accumulated depreciation for:					
Buildings and other improvements		(800)			(800)
Water system and improvements		(87,917)		(935,809)	(1,023,726)
Total accumulated depreciation		(88,717)		(935,809)	(1,024,526)
Total capital assets being depreciated, net		(77,449)		598,223	520,774
Business-type activities capital assets, net	\$	\$ (32,157)	\$	\$ 598,223	\$ 566,066

Depreciation expense for the year ended December 31, 2019 was charged as follows:

<b>Governmental activities:</b>	
General	\$ 8,933
Public Safety	3,505
	<u>\$ 12,438</u>
<b>Business-Type activities:</b>	
Water	<u>\$ 88,717</u>

(7) Acceptance of Water System

Effective January 7, 2019, the Village accepted the donation and quitclaim deed from the Hosston-Mira Water System (HMWS) and began operating the water system at that time. Assets of the HMWS were transferred to the Village, effective January 7, 2019. In addition, certain assets which had previously been purchased by the Village for the Hosston-Mira Water System through various grants were transferred from the General Fund to the Enterprise-Water Fund at that time. The assets received from the HMWS, as well as the assets transferred from the General Fund to the Enterprise-Water Fund, are reflected in Capital Contributions in the Statement of Revenues, Expenditures, and Changes in Fund Net Position. Assets transferred from the General Fund were reclassified as Interfund Transfers in the Statement of Activities.

(Continued)

Village of Hosston  
Hosston, Louisiana  
Notes to the Financial Statements  
December 31, 2019  
(Continued)

(8) Capital Contributions

Capital contributions for the year ended December 31, 2019 were as follows:

Assets transferred from General Fund	\$	598,223
LCDB Grant		42,030
Donated fixed assets from Water System		<u>12,262</u>
	\$	<u>652,515</u>

(9) Receivables

Receivables at December 31, 2019 are as follows:

Governmental activities:		
License and permits	\$	6,545
Franchise Tax		13,828
Accrued interest		<u>5,171</u>
	\$	<u>25,544</u>
Business-type activities:		
Water charges	\$	10,137
Grant receivable		<u>42,030</u>
	\$	<u>52,167</u>

(10) Restricted Assets

Restricted assets were applicable to the following at December 31, 2019:

	Enterprise Fund	
Customer deposits	\$	<u>10,392</u>

(11) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$10,392 at December 31, 2019.

(12) 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 attempts to minimize risk from significant losses through the purchase of insurance.

(13) Subsequent Events

Subsequent events have been evaluated through June 26, 2020, the date the financial statements were available to be issued.

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Village of Hosston  
Hosston, Louisiana  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget (Cash Basis) and Actual  
General Fund  
For the Year Ended December 31, 2019

Revenues	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Franchise taxes	\$ 50,000	\$ 61,179	\$ 61,179	\$
Interest earnings	2,500	211	409	198
Intergovernmental		43,817	43,817	
Licenses and permits	64,100	56,488	56,488	
Charges for services	15,368	12,111	12,281	170
Miscellaneous	1,500	251	2,292	2,041
<b>Total revenues</b>	<b>133,468</b>	<b>174,057</b>	<b>176,466</b>	<b>2,409</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	81,525	113,649	108,960	4,689
Public works	21,000	35,080	36,688	(1,608)
Public safety	23,300	19,000	19,665	(665)
Capital outlay	5,000	70,588	68,164	2,424
<b>Total expenditures</b>	<b>130,825</b>	<b>238,317</b>	<b>233,477</b>	<b>4,840</b>
Excess (deficiency) of revenues over expenditures	2,643	(64,260)	(57,011)	7,249
Fund balance, beginning of year		64,260	367,823	303,563
Fund balance, end of year	\$ 2,643	\$	\$ 310,812	\$ 310,812

See independent accountants' review report.



Village of Hosston  
Hosston, Louisiana  
Notes to Required Supplementary Information  
December 31, 2019

The Village's budget is adopted on a cash basis for all funds. There were two amendments to the December 31, 2019 budget. Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	General Fund
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ (57,011)
Adjustments:	
Revenue accruals – net	12,042
	(9,992)
Excess of revenues and other sources over (under) expenditures and other uses (GAAP basis)	\$ (54,961)

See independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Schedule of Compensation Paid to Council Members and Mayor  
For the Year Ended December 31, 2019

Mayor:

Betty "Susie" Giles	\$	6,000
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Council Members:

Charlie Giles		1,500
Emmett Carter		1,500
Misti Banks		1,500
	\$	<u>10,500</u>

See independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2019

Agency Head: Betty "Susie" Giles, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,000
Travel	415

See independent accountants' review report.

Village of Hosston  
Hosston, Louisiana  
Schedule of Revenue and Expenditures  
LCDBG Contract Number 2000456718  
For the Year Ended December 31, 2019

Revenue:

LCDBG funds	\$ 42,030
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Expenditures:

Public works - potable water	26,880
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Administration:

Pre-agreement costs	2,900
Public facilities	<u>12,250</u>

Total expenditures	<u>42,030</u>
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Excess revenue over (under) expenditures	<u><u>\$</u></u>
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\*Amounts reported above include amounts recorded as accounts receivable and accounts payable at December 31, 2019, in the amount of \$42,030.

See independent accountants' review report.

Schedule of Prior Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2019

There were no findings reported for the year ended December 31, 2018.

Current Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2019

There are no findings reported for the year ended December 31, 2019.

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
VICKIE D. CASE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

STUART L. REEKS, CPA  
J. PRESTON DELAUNE, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Accountants' Report On Applying Agreed-Upon Procedures

To the Honorable Betty "Susie" Giles, Mayor  
and the Village Council  
Village of Hosston, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Village of Hosston and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Village of Hosston's compliance with certain laws and regulations during the year ended December 31, 2019 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Public Bid Law

1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$157,700. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement) or R.S. 38:221-2296 (the public bid law), whichever is applicable; report whether the expenditures were made in accordance with these laws.

There were no expenditures made during the year ended December 31, 2019 exceeding the limits previously described.

### Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics).

The Village provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The Village provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from the Village in agreed-upon procedure (3) were also included on the listing obtained from the Village in agreed-upon procedure (2) as immediate family members.

There was one employee included on the list of employees provided by the Village [agreed-upon procedures (3)] who also appeared on the list provided by the Village in agreed-upon procedure (2). The elected police chief is the brother of one of the councilmen.

5. Obtain a list of all disbursement made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Obtained listings, no vendors appeared on both lists.

#### Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

The Village provided us with a copy of the original budget. There was one amendment to the budget during the year ended December 31, 2019.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced the adoption of the original budget to the minutes of a meeting held on December 3, 2018, which indicated that the budget had been adopted by the Council. We traced the adoption of the amended budget to the minutes of a meeting held on January 6, 2020, which indicated that the budget had been adopted by the Council. No exceptions were noted.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues fail to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures.

- 1) Revenues met budgeted revenues by 5% or more.
- 2) Expenditures did not exceed budgeted amounts by greater than 5%.

#### Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select 6 disbursements and obtain documentation from management for those disbursements. Compare the selected disbursements to the supporting documentation, and:

- (a) report whether the six disbursements agree to the amount and payee in the supporting documentation.

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) report whether the six disbursements are coded to the correct fund and general ledger account;

All six disbursements were properly coded to the correct fund and general ledger account.

- (c) report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the six selected disbursements indicated the six disbursements were approved in accordance with management's policies and procedures.

#### Meetings

10. Obtain evidence from management indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Village posted its meetings and agendas as required by LSA-RS 42:1 through 42:12 (the open meetings law).

#### Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there were any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

We inspected copies of all bank deposits slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

#### Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

A reading of the minutes of the Village for the year ended December 31, 2019 indicated no approval for the payments noted that constituted bonuses, advances, or gifts. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

#### State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The required report for the year ended December 31, 2019, was submitted timely.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A.; and that were subject to public bid law (R.S. 38:2211, et seq), while the agency was not in compliance with R.S. 24:513 (the audit law).

We inquired and management stated that the Village did not enter into any contracts that utilize state funds that were subject to public bid law while the Village was not in compliance with R.S. 24:513.

#### Prior Comments and Recommendations

15. Obtain and report management's representation as to whether any prior-year suggestions, recommendations, and/or comments have been resolved.

The Village's prior year compilation report did not have any suggestions, recommendations, and/or comments.



We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Village of Hosston and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Cook & Morehart  
Certified Public Accountants  
June 26, 2020

**LOUISIANA ATTESTATION QUESTIONNAIRE**  
**(For Attestation Engagements of Governmental Agencies)**

June 29, 2020

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019, and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

**Public Bid Law**

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No [  ]

**Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No [  ]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [  ] No [  ]

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No [  ]

**Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No [  ]

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No [  ]

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No [  ]

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [  ] No [  ]

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No [  ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.  
Yes [] No [  ]

**Debt**

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No [  ]

**Advances and Bonuses**

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No [  ]

**Prior-Year Comments**

We have resolved all prior-year recommendations and/or comments.

Yes [] No [  ]

**General**

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No [  ]

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No [  ]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No [  ]

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No [  ]

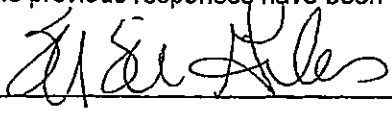
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No [  ]

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No [  ]

The previous responses have been made to the best of our belief and knowledge.

 Mayor 6/26/20 Date