

VILLAGE OF FENTON, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

YEAR ENDED JUNE 30, 2024

Royce T. Scimemi, CPA, APAC
Oberlin, LA

TABLE OF CONTENTS

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	3-6
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Position	9
Statement of Activities	10
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	15
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	16
Statement of Net Position - Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	18
Statement of Cash Flows - Proprietary Fund	19
NOTES TO THE BASIC FINANCIAL STATEMENTS	20-32
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule: General Fund	34
Reporting on Fraud and Misappropriations	35-36
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Compensation Paid to Mayor and Board of Aldermen Members	38
Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer	39
Judicial System Funding Schedule Collecting/Disbursing Entity, as Required by Act 87 of the 2020 Regular Legislative Session	40
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	41-42
SCHEDULE OF FINDINGS AND RESPONSES	43-49
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	50



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INDEPENDENT AUDITOR'S REPORT

October 28, 2025

Honorable Phillip Cormier, Mayor
and the Village Board of Aldermen
Village of Fenton, Louisiana

Unmodified and Disclaimer of Opinions

We have audited the accompanying financial statements of the governmental activities, the business activities, and each major fund of the Village of Fenton, Louisiana (the "Village"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Disclaimer
Business-Type Activities	Disclaimer
General Fund	Disclaimer
Special Revenue Fund-Streets	Unmodified
Special Revenue Fund-American Rescue Plan	Unmodified
Capital Projects Fund-LCDBG	Unmodified

Disclaimer of Opinions on the Government Activities, Business-Type Activities, and General Fund.

We do not express an opinion on the financial statements of the government activities, business-type activities, and General Fund. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the government activities, business-type activities, and General Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Village's Government Activities, Business-Type Activities, and General Fund.

Unmodified Opinions on Special Revenue Fund-Streets, Special Revenue Fund-American Rescue Plan, and Capital Projects Fund-LCDBG.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Special Revenue Fund-Streets, Special Revenue Fund-American Rescue Plan, and Capital Projects Fund-LCDBG as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion on the Government Activities, Business-Type Activities, and General Fund

Upon leaving office, the former mayor removed numerous invoices, documentation, and other records from the Village and is being prosecuted for such actions. After the new administration took over in January 2025, the Louisiana State Police retrieved some of the missing documentation and returned it to the Village. Much of the normally required invoices and other documentation were not available for auditor review. Therefore, we were unable to obtain sufficient appropriate audit evidence about a significant number of assets, liabilities, equity, revenues, and expenditures because management was unable to provide it. As a result, adequate audit evidence necessary for us to express an opinion or provide any assurance on these opinion units was not available.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the Special Revenue Fund-Streets, Special Revenue Fund-American Rescue Plan, and Capital Projects Fund-LCDBG in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Government Activities, Business-Type Activities, and General Fund.

Our responsibility is to conduct an audit of the Village's financial statements in accordance with generally accepted auditing standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Governmental Activities, Business-Type Activities, and General Fund sections of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the government activities, business-type activities, and general fund.

We are required to be independent of the Village and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of the Special Revenue Fund-Streets, Special Revenue Fund-American Rescue Plan, and Capital Projects Fund-LCDBG.

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

In performing an audit in accordance with generally accepted 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 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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 34 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Honorable Phillip Cormier, Mayor
and the Village Board of Aldermen
Village of Fenton, Louisiana
Independent Auditor's Report
October 28, 2025
Page 4.

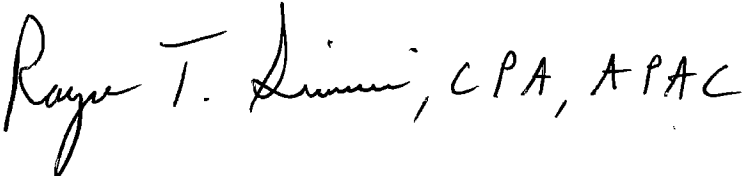
Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedule of compensation paid to Mayor and Board of Aldermen members, the schedule of compensation, benefits and other payments to chief executive officer, and the judicial system funding schedule for a collecting/dispersing entity, as required by Act 87 of the 2020 regular legislative session and are presented as other supplementary information ("OSI") on pages 38 through 40 for purposes of additional analysis and are not a required part of the basic financial statements. Such OSI 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 OSI 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 this OSI is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2025, 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.

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive, flowing style.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

VILLAGE OF FENTON, LOUISIANA
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Petty cash	\$ 950	\$ --	950
Cash	645,750	545,765	\$ 1,191,515
Restricted cash	93,675	7,525	101,200
Accounts receivable	3,721	12,069	15,790
Payroll taxes receivable	6,460	--	6,460
Investments	6,475	--	6,475
Due (to) from other funds	1,908	(1,908)	--
Total Current Assets	758,939	563,451	1,322,390
<i>Noncurrent Assets:</i>			
Land	104,875	14,790	119,665
Capital assets, net	876,451	683,923	1,560,374
Total Noncurrent Assets	981,326	698,713	1,680,039
Total Assets	1,740,265	1,262,164	3,002,429
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Deferred Outflows of Resources	--	--	--
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	177,720	--	177,720
Accrued liabilities	411,164	--	411,164
Due to other governments	2,723	181	2,904
Total Current Liabilities	591,607	181	591,788
<i>Noncurrent Liabilities:</i>			
Customer deposits	--	1,400	1,400
Total Noncurrent Liabilities	--	1,400	1,400
Total Liabilities	591,607	1,581	593,188
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	--	--	--
Total Deferred Inflows of Resources	--	--	--
NET POSITION			
Invested in capital assets, net of related debt	981,326	698,713	1,680,039
Restricted	166,370	6,125	172,495
Unrestricted	962	555,745	556,707
Total Net Position	\$ 1,148,658	\$ 1,260,583	\$ 2,409,241

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General government	\$ 913,027	--	\$ --	\$ --	\$ (913,027)	\$ --	\$ (913,027)
Public safety	433,399	1,186,767	--	--	753,368	--	753,368
Total Governmental Activities	1,346,426	1,186,767	--	--	(159,659)	--	(159,659)
Business-Type Activities:							
Water and sewer	176,647	72,839	--	--	--	(103,808)	(103,808)
Total Business-Type Activities	176,647	72,839	--	--	--	(103,808)	(103,808)
Total Primary Government	<u>\$ 1,523,073</u>	<u>\$ 1,259,606</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (159,659)</u>	<u>\$ (103,808)</u>	<u>\$ (263,467)</u>
General Revenues and Operating Transfers:							
General Revenues							
Taxes:							
Property					14,135	--	14,135
Franchise					13,714	--	13,714
Sales					40,562	--	40,562
Beer					495	--	495
Licenses and permits					535	--	535
Intergovernmental - local					100,000		100,000
Intergovernmental - state					2,666	--	2,666
Interest income					2,019	--	2,019
Miscellaneous income					36,534	--	36,534
Operating Transfers					(748,649)	748,649	--
Total General Revenues and Operating Transfers					<u>(537,989)</u>	<u>748,649</u>	<u>210,660</u>
Change in Net Position					(697,648)	644,841	(52,807)
<i>Net Position at Beginning of Period</i>					2,059,925	735,282	2,795,207
<i>Prior Period Adjustment - See Note J</i>					(213,619)	(119,540)	(333,159)
<i>Net Position at Beginning of Period-As Restated</i>					1,846,306	615,742	2,462,048
Net Position at End of Period					<u>\$ 1,148,658</u>	<u>\$ 1,260,583</u>	<u>\$ 2,409,241</u>

See accompanying notes.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Streets Fund

To account for the receipt and use of proceeds of the Village's restricted Streets Fund revenue.

American Rescue Plan Fund

To account for the receipt and use of proceeds of the Village's restricted American Rescue Plan revenue.

Capital Projects Fund

LCDBG Fund

To account for the provision of community development to residents of the Village. All activities necessary to provide for capital assets funded by the Louisiana Community Development Block Grant are accounted for in this fund.

Utility Fund

The Utility Fund is used to account for the provision of water and sewer services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF FENTON, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2024

		Special Revenue	Special Revenue	Capital Projects	
	General Fund	American Rescue Plan Fund	Streets Fund	LCDBG Fund	Total Governmental Funds
ASSETS					
Petty cash	\$ 950	\$ --	\$ --	\$ --	\$ 950
Cash	645,750	--	--	--	645,750
Restricted cash	--	66,389	--	27,286	93,675
Accounts receivable	3,721	--	--	--	3,721
Payroll taxes receivable	6,460	--	--	--	6,460
Investments	385	--	6,090	--	6,475
Due (to) from other funds	(64,697)	66,605	--	--	1,908
Total Assets	<u>592,569</u>	<u>132,994</u>	<u>6,090</u>	<u>27,286</u>	<u>758,939</u>
DEFERRED OUTFLOWS OF RESOURCES					
Aggregated deferred outflows	--	--	--	--	--
Total Assets and Deferred Outflows of Resources	<u><u>\$ 592,569</u></u>	<u><u>\$ 132,994</u></u>	<u><u>\$ 6,090</u></u>	<u><u>\$ 27,286</u></u>	<u><u>\$ 758,939</u></u>
LIABILITIES					
Accounts payable	\$ 177,720	\$ --	\$ --	\$ --	\$ 177,720
Accrued liabilities	411,164	--	--	--	411,164
Due to other governments	2,723	--	--	--	2,723
Total Liabilities	<u>591,607</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>591,607</u>
DEFERRED INFLOWS OF RESOURCES					
Aggregated deferred inflows	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	<u>591,607</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>591,607</u>
FUND BALANCE					
Restricted	--	132,994	6,090	27,286	166,370
Unassigned	962	--	--	--	962
Total Fund Balance	<u>962</u>	<u>132,994</u>	<u>6,090</u>	<u>27,286</u>	<u>167,332</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 592,569</u></u>	<u><u>\$ 132,994</u></u>	<u><u>\$ 6,090</u></u>	<u><u>\$ 27,286</u></u>	<u><u>\$ 758,939</u></u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Funds	\$ 167,332
Fixed assets are capitalized in the Statement of Net Position and depreciated in the Statement of Activities. These are expensed when acquired in the Statement of Revenues, Expenditures, and Changes in Fund Balance.	981,326
Total Net Position - Governmental Activities	\$ <u>1,148,658</u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2024

		<u>Special Revenue</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	<u>Streets Fund</u>	<u>LCDBG Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes					
Property	\$ 14,135	\$ --	\$ --	\$ --	\$ 14,135
Franchise	13,714	--	--	--	13,714
Sales	40,562	--	--	--	40,562
Beer	495	--	--	--	495
Licenses and permits	535	--	--	--	535
Intergovernmental	102,666	--	--	--	102,666
Fines and forfeitures	1,186,767	--	--	--	1,186,767
Interest income	1,703	--	316	--	2,019
Miscellaneous income	36,534	--	--	--	36,534
Total Revenues	<u>1,397,111</u>	<u>--</u>	<u>316</u>	<u>--</u>	<u>1,397,427</u>
Expenditures					
General government	819,692	--	--	--	819,692
Public safety	434,265	--	--	--	434,265
Capital outlay	175,386	--	--	--	175,386
Total Expenditures	<u>1,429,343</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,429,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,232)	--	316	--	(31,916)
Other Financing Sources (Uses)					
Operating transfers	(748,649)	--	--	--	(748,649)
Net Other Financing Sources (Uses)	<u>(748,649)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(748,649)</u>
Net Change in Fund Balance	<u>(780,881)</u>	<u>--</u>	<u>316</u>	<u>--</u>	<u>(780,565)</u>
Fund Balance at Beginning of Period	1,108,972	66,390	3,627	27,286	1,206,275
Prior Period Adjustment - Note J	(327,129)	66,604	2,147	--	(258,378)
Fund Balance at Beginning of Period - As Restated	<u>781,843</u>	<u>132,994</u>	<u>5,774</u>	<u>27,286</u>	<u>947,897</u>
Fund Balance at End of Period	<u>\$ 962</u>	<u>\$ 132,994</u>	<u>\$ 6,090</u>	<u>\$ 27,286</u>	<u>\$ 167,332</u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Reconciliation of Governmental Funds Statement of Revenues, Expenditures,
Changes in Fund Balance to the Statement of Activities
For the Year Ended June 30, 2024

Total Net Change in Fund Balance - Governmental Funds	\$ (780,565)
Basis in assets disposed of during the year.	(17,882)
Fixed assets expensed as capital outlay in governmental fund statements, capitalized as fixed assets in Statement of Net Position.	175,386
Depreciation expense reflected in entity wide statements, not reflected in governmental fund statements.	(90,101)
Compensated absences are expensed as paid in governmental fund statements, expensed as incurred in entity-wide statements, and reflected as liability on Statement of Net Position.	15,514
Changes in Net Position - Governmental Activities	\$ <u>(697,648)</u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Statement of Net Position
Proprietary Fund
June 30, 2024

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Utility Fund</u>
ASSETS	
<i>Current Assets</i>	
Cash	\$ 545,765
Restricted Cash	7,525
Accounts receivable	12,069
Total Current Assets	<u>565,359</u>
<i>Noncurrent Assets</i>	
Land	14,790
Capital assets, net	683,923
Total Noncurrent Assets	<u>698,713</u>
Total Assets	<u>1,264,072</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	<u>--</u>
Total Deferred Outflows of Resources	<u>--</u>
 LIABILITIES	
<i>Current Liabilities</i>	
Due to other funds	1,908
Due to other governments	181
Total Current Liabilities	<u>2,089</u>
<i>Noncurrent Liabilities</i>	
Customer deposits	1,400
Total Noncurrent Liabilities	<u>1,400</u>
Total Liabilities	<u>3,489</u>
 DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	<u>--</u>
Total Deferred Inflows of Resources	<u>--</u>
 NET POSITION	
Invested in capital assets, net of related debt	698,713
Restricted	6,125
Unrestricted	555,745
Total Net Position	<u><u>\$ 1,260,583</u></u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Business-Type Activities - Enterprise Fund</u>
	<u>Utility Fund</u>
Operating Revenues	
Charges for services	\$ 72,839
Total Operating Revenues	<u>72,839</u>
Operating Expenses	
Depreciation	50,498
Rent	10,407
Insurance	3,214
Materials and supplies	30,814
Miscellaneous expense	4,667
Office supplies	918
Payroll taxes	2,468
Postage	19
Professional fees	3,746
Repairs and maintenance	30,004
Salaries and wages	26,555
Utilities	13,337
Total Operating Expenses	<u>176,647</u>
Operating Income (Loss) Before Operating Transfers	(103,808)
Operating transfers	748,649
Change In Net Position	<u>644,841</u>
<i>Net Position at Beginning of Period</i>	615,742
Net Position at End of Period	<u>\$ 1,260,583</u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	<u>Business-Type Activities</u>
	<u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 171,002
Payments to suppliers	(82,930)
Payments to employees	<u>(23,322)</u>
Net cash from operating activities	64,750
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net cash used by investing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of fixed assets	<u>(78,435)</u>
Net cash from capital activities	(78,435)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating transfers in cash	<u>85,965</u>
Net cash from non-capital financing activities	<u>85,965</u>
NET INCREASE (DECREASE) IN CASH	72,280
CASH – BEGINNING	<u>481,010</u>
CASH – ENDING	<u>\$ 553,290</u>
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	\$ (103,808)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Basis in assets disposed	4,221
Depreciation	50,498
(Increase) decrease in receivables	127,448
(Increase) decrease in prepaid items	1,306
Increase (decrease) in payables	(10,919)
Increase (decrease) in customer deposits	<u>(3,996)</u>
Net cash from operating activities	<u>\$ 64,750</u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Fenton, Louisiana (Village) was created under the provisions of the Lawrason Act. The purpose of the Village is to provide services to its citizens, which include sewer and water utilities, police and fire protection and other services. The Village is governed by the mayor and a board of three elected aldermen who are compensated. The Village is located in Jefferson Davis Parish, Louisiana and its population is approximately 226. There are approximately 15 employees working for the Village.

The accompanying financial statements of the Village have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

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

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Village 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. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by GAAP, these financial statements present the financial data of the Village of Fenton, Louisiana (the primary government) which has no component units under the above criteria.

2. Basis of Presentation

The accompanying basic financial statements of the Village have been prepared in conformity with GAAP. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999, except that management has omitted the Management's Discussion and Analysis required by GASB 34.

Government-Wide Financial Statements

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

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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

Fund Financial Statements

The Village uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Village functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or if the total assets, liabilities, revenues, or expenditures of the individual governmental or proprietary fund is at least 10 percent of the corresponding total for all governmental and proprietary funds of that category or type, or total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The Village reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Streets Fund is used to account for the receipt and use of proceeds of the Village's restricted Streets Fund revenue.

The American Rescue Plan Fund is used to account for the receipt and use of proceeds of the Village's restricted American Rescue Plan revenue.

The LCDBG Fund is used to account for the provision of community development to residents of the Village. All activities necessary to provide for capital assets funded by the Louisiana Community Development Block Grant are accounted for in this fund.

The Utility Fund is an enterprise fund that 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. The enterprise fund distinguishes operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Village's Utility Fund is the enterprise fund which accounts for water and sewer services.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

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

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

Basis of Accounting

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

Governmental fund financial statements utilize the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payments become due.

The Utility Fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. The Village applies all applicable FASB pronouncements in accounting and reporting for its Utility Fund.

Allocation of Indirect Expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is separately reported on the statement of activities.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and Utility Funds. All annual appropriations lapse at fiscal year-end.

Prior to the beginning of each fiscal year, the mayor submits a budget to the Village Council. The budget is prepared by fund, function, and activity, based on information from the past year, current year estimates and requested appropriations for the next fiscal year.

The Village Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated and the revenue estimates can only be changed by an affirmative vote of a majority of the government's council. Expenditures may not legally exceed budgeted appropriations at the activity level.

The original General Fund budget and one amendment during the year are reflected in the budget comparisons.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

5. Deposits

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less.

As of June 30, 2024, the Village had deposits (book balances) totaling \$1,292,715 and petty cash of \$950. These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. 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 always equal or exceed the amount on deposit with the fiscal agent. 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. On June 30, 2024, the Village has \$1,323,140 in deposits (collected bank balances). Deposits of \$414,510 were secured from risk by federal deposit insurance and \$908,630 was secured by pledged collateral held by the custodial bank in the name of the fiscal agent bank.

6. Investments

Louisiana Revised Statute 33:2955 authorizes the Village to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having an office in Louisiana or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation created pursuant to Article 7, Section 14(C) of the Louisiana Constitution and Local Services Law, LSA-R.S. 33:1321-1360 as a pooled investment program. At December 31, 2024, the Village's investments were as follows:

<u>Investment Type</u>	<u>% of Portfolio</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One-Five Years</u>
Governmental Activities:				
Louisiana Asset Management Pool (LAMP)	<u>100%</u>	<u>\$ 6,475</u>	<u>\$ 6,475</u>	<u>\$ -</u>

The Village participates in the Louisiana Asset Management Pool (LAMP). LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. LAMP is intended to improve administrative efficiency and increase yield of participating public entities. The objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds. Because LAMP is not a money market fund, it has no obligation to conform to this rule.

The fair value of investments is determined on a weekly basis by LAMP, and the fair value of the Village's investment in LAMP is the same as the value of the pool shares. LAMP's separately issued financial statements can be obtained by visiting their website at www.lamppool.com, by telephone at (504) 525-5267, or by mail at 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

Credit Risk– Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LAMP has been assigned a fund rating of AAAM by Standard & Poor's.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of a counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village requires all investments to be in the Village's name and all ownership securities to be evidenced by an acceptable safekeeping receipt issued by a third-party financial institution which is acceptable to the Village. LAMP participants' investments in the pool are evidenced by shares of the pool. The investment in LAMP is not exposed to custodial credit risk and is not categorized in the three categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk – Pooled investments are excluded from the five percent (5%) disclosure requirements.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Interest Rate Risk – LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments.

Foreign currency risk – Not applicable.

7. Interfund Receivables/Payables

During operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

8. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the receivable is not collectible.

There appears to be concentration of credit risk about general accounts receivable and more specifically accounts receivable for utility user fees in the Utility Fund. The Village's ability to collect the amounts due from the users of the Village utility systems and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster, or other calamity in this one concentrated geographic location.

9. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In the government-wide statement of net position capital assets are capitalized at historical cost or at 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 \$1,000 or more for capitalization of asset purchases.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is expensed over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

Buildings and improvements	40 years
Equipment and furniture	3-20 years
Utility systems	20-50 years
Vehicles	5 years
Infrastructure	20-50 years

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

10. Statement of Cash Flows

For the statement of cash flows, for the Utility Fund, the Village considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$553,290 which represents unrestricted and restricted amounts of \$545,765 and \$7,525, respectively.

11. Compensated Absences

Vested or accumulated vacation leave benefits that are expected to be liquidated with expendable available resources reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

reported in the general long-term debt. The amount reported for general fund compensated absences is \$-0-. Vested or accumulated vacation leave of the Utility Fund are recorded as an expense and liability of that fund as the benefits accrue to employees. The amount reported for proprietary fund compensated absences is \$-0-. In accordance with the provisions of Statement of Financial Accounting Standards No. 43 *Accounting for Compensated Absences*, no liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement. At June 30, 2024 the Village's total liability for compensated absences was \$-0- because the paid time off earned and used by full-time employees were not tracked and accounted for during the fiscal year.

12. Equity Classification

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

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - consists of all other net position that has not been classified within the above components.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

In the fund statements, governmental fund equity is classified as fund balance and is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used for specific purposes determined by a formal action of the Mayor and Aldermen, who are the highest level of decision-making authority for the Village. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Mayor and Aldermen.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Board of Aldermen's adopted policy, only board members may assign amounts for specific purposes.
- e. Unassigned – includes positive fund balance within the General Fund which has not been classified with the above-mentioned categories.

In governmental funds, when appropriate, the Village's policy is to first apply the expenditures toward restricted fund balance and then to other, less-restrictive classifications (committed and then assigned fund balances) before using unassigned fund balances.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

All other interfund transactions are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

14. Sales Taxes

Proceeds of a two percent (2%) sales and use tax levied by the Village are dedicated for the maintenance and overlay of streets and capital outlay.

15. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. Revenues, Expenditures, and Expenses

Program Revenues

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

General Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent after December 31. The taxes are generally collected in December, January, and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of the sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded and accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

The Village's primary expenditures include gas purchases, salaries, materials and supplies, and insurance, which are recorded when the liabilities are incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfers are authorized by the Village.

17. Environmental Remediation Costs

The Village accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

18. Subsequent Events

Management has evaluated subsequent events through September 30, 2025, the date the financial statements were issued.

NOTE B - PROPERTY TAXES

For the year ended June 30, 2024, taxes of 7.63 mills were levied on property with assessed valuations totaling \$1,604,667 and were dedicated as follows:

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

General corporate purposes

7.63 mills with no expiration

Total taxes levied were \$12,244.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - RECEIVABLES

Receivables on June 30, 2024, consisted of the following:

General Fund:	
Sales tax receivable	\$ 3,721
Total governmental-type accounts receivable	3,721
Utility System Enterprise Fund:	
Accounts receivable - customers	12,069
Total business-type accounts receivable	12,069
Total accounts receivable	\$ 15,790

Note D – CAPITAL ASSETS

	Balance 06/30/23	Additions	Deletions	Balance 06/30/24
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 104,875	\$ -	\$ -	\$ 104,875
Other capital assets:				
Buildings and improvements	1,650,101	145,893	80,578	1,715,416
Machinery and equipment	716,436	29,493	545,453	200,476
Furniture and fixtures	35,948	-	28,936	7,012
Total capital assets	2,507,360	175,386	654,967	2,027,779
Less accumulated depreciation:				
Buildings and improvements	891,521	67,455	68,167	890,809
Machinery and equipment	668,048	22,352	541,768	148,632
Furniture and fixtures	33,868	294	27,150	7,012
Total accumulated depreciation	1,593,437	90,101	637,085	1,046,453
Governmental Activities, Capital assets, net	\$ 913,923	\$ 85,285	\$ 17,882	\$ 981,326
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 14,790	\$ -	\$ -	\$ 14,790
Other capital assets:				
Water and sewer system	1,617,914	78,433	10,379	1,685,968
Total capital assets	1,632,704	78,433	10,379	1,700,758
Less accumulated depreciation:				
Water and sewer system	957,705	50,498	6,158	1,002,045
Total accumulated depreciation	957,705	50,498	6,158	1,002,045
Business-Type Activities, Capital assets, net	\$ 674,999	\$ 27,935	\$ 4,221	\$ 698,713

Depreciation expense for the year ended June 30, 2024 was \$90,101 and \$50,498 for the governmental activities and the business-type activities, respectively.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Depreciation expense was charged to governmental activities as follows:

General government	\$ 79,138
Public safety	<u>10,963</u>
Total depreciation expense	<u>\$ 90,101</u>

NOTE E - ACCOUNTS PAYABLE

The following is a summary of payables on June 30, 2024:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business Activities Funds</u>
Accounts	\$ 24,595	\$ -
Due to Chief of Police	<u>153,125</u>	<u>-</u>
Total	<u>\$ 177,720</u>	<u>\$ -</u>

NOTE F – RESTRICTED ASSETS

Restricted assets, at June 30, 2024, consisted of the following:

	<u>Cash and Cash Equivalents</u>
American Rescue Plan grant account – Governmental	\$ 66,389
LCDBG grant account – Governmental	27,286
Customers' deposit accounts – Business-Type	<u>7,525</u>
Total restricted assets	<u>\$ 101,200</u>

	<u>Actual</u>	<u>Required</u>	<u>Over (Under)</u>
Requirements consisted of the following on June 30, 2024:			
American Rescue Plan grant account	\$ 66,389	\$ 132,994	\$ (66,605)
LCDBG grant account	27,286	27,286	-
Customer deposits – Utility Fund	<u>7,525</u>	<u>1,400</u>	<u>6,125</u>
Total restricted assets	<u>\$ 101,200</u>	<u>\$ 161,680</u>	<u>\$ (60,480)</u>

NOTE G - 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 maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE H - CONTINGENCIES

The Village participates in a few federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on experience, the Village believes that any disallowed costs because of such audits would be immaterial.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

NOTE I – RESTRICTED NET POSITION

Restricted net position consists of grant proceeds that have yet to be spent in the special revenue and capital project accounts

NOTE J – PRIOR PERIOD ADJUSTMENTS

General fund – All financial statements:

Governmental activities on the fund financial statements:

The General Fund reported the following prior period adjustments as of June 30, 2023; a) The Village's main operating account was understated by \$119,059; b) LAMP investments of \$365 were not recorded; c) Sales taxes receivable was overstated by \$6,026; d) Due (to) from other funds did not include \$66,605 in American Rescue Plan money that was deposited into the General Fund instead of the American Rescue Plan special revenue fund; and e) Accrued liabilities were understated by \$373,921.

Governmental activities on the government-wide financial statements:

On the government-wide financial statements the same prior period adjustment was reported in the fund financial statements as explained above plus land was understated by \$59,810 and machinery and equipment were overstated by \$15,051.

<u>Account</u>	<u>As Originally Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Fund financial statements:			
Cash	\$1,045,962	\$ 119,059	\$1,165,021
Investments	-	363	363
Accounts receivable	13,628	(6,026)	7,602
Due (to) from other funds	539,352	(66,604)	472,748
Accrued liabilities	<u>(479,653)</u>	<u>(373,921)</u>	<u>(853,574)</u>
Subtotal	1,119,289	(327,129)	792,160
Government-wide financial statements:			
Land	45,065	59,810	104,875
Machinery and equipment, net	<u>96,609</u>	<u>(15,051)</u>	<u>81,558</u>
Subtotal	<u>141,674</u>	<u>44,759</u>	<u>186,433</u>
Total	<u>\$1,260,963</u>	<u>\$ (282,370)</u>	<u>\$ 978,593</u>

American Rescue Plan special revenue fund – All financial statements:

Governmental activities on the fund and government-wide financial statements:

The American Rescue Plan fund account Due (to) from other funds account did not include \$66,605 in American Rescue Plan money that was deposited into the General Fund instead of the American Rescue Plan special revenue fund in previous years.

<u>Account</u>	<u>As Originally Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Due (to) from other funds	<u>\$ -</u>	<u>\$ 66,604</u>	<u>\$ 66,604</u>

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Streets special revenue fund – All financial statements:

Governmental activities on the fund and government-wide financial statements:

The Streets fund investments account did not include a LAMP investment of \$2,147 in the prior year.

<u>Account</u>	<u>As Originally Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Investments	<u>\$ -</u>	<u>\$ 2,147</u>	<u>\$ 2,147</u>
Grand totals for government-wide financial statements	<u>\$1,260,963</u>	<u>\$(213,619)</u>	<u>\$1,047,344</u>

Utility Fund – All financial statements:

The Utility Fund reported the following prior period adjustments as of June 30, 2023; a) Accounts receivable were overstated by \$130,920; b) Accounts payable were overstated by \$7,559; c) Customer deposits were overstated by \$3,896; and d) Net position was understated by \$75.

<u>Account</u>	<u>As Originally Reported</u>	<u>Prior Period Adjustment</u>	<u>As Restated</u>
Accounts receivable	\$ 139,517	\$ (130,920)	\$ 8,597
Accounts payable	(11,100)	7,559	(3,541)
Customer deposits	(5,396)	3,896	(1,500)
Net position	<u>(735,282)</u>	<u>(75)</u>	<u>(735,357)</u>
Grand totals for fund and government- wide financial statements	<u>\$ (612,261)</u>	<u>\$ (119,540)</u>	<u>\$ (731,801)</u>

NOTE K – OPERATING TRANSFERS

The Village's Utility Fund received a net amount of \$748,649 in transfers from the General Fund during the year. These operating transfers were necessary to eliminate interfund receivables and payables that are not expected to be repaid as well as to account for fixed assets purchased for the Utility Fund but paid for by the General Fund.

NOTE L - PENSION PLAN AND LITIGATION

Police officers of the Village are eligible to participate in the Municipal Police Employees Retirement System of Louisiana (System or MPERS). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees Retirement System of Louisiana

Plan Description. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and provided he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013:

A member is eligible for regular retirement after he/she has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he/she has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3½% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013:

Member eligibility for regular retirement, early retirement, disability, and survivor benefits is based on Hazardous Duty and Non-Hazardous Duty sub-plans. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he/she has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he/she has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he/she has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub-plans, the benefit rates are 3% and 2½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If a deceased member had less than 10 years of service, the beneficiary will receive a refund of employee contributions only.

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

Deferred Retirement Option Plan: A member is eligible to elect to enter the deferred retirement option plan (DROP) when he/she is eligible for regular retirement based on the member's sub-plan participation. Upon filing the application for the program, the employee's active membership in the MPERS is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant

VILLAGE OF FENTON, LOUISIANA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the MPERS shall resume and upon later termination, the member shall receive as additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest after the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the MPERS's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP after January 1, 2004, an irrevocable election is made to earn interest based on the MPERS's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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

The MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the MPERS. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411 or on the internet at www.lampers.org.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Village is required to contribute at an actuarially determined rate. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. For the fiscal year ended June 30, 2024, the required rate is 33.925% of annual covered payroll. MPERS and the Village were in litigation regarding the Village's possible breach of fiduciary duty by not remitting both contributions withheld from the employee's paychecks and the employer portion of the pension plan liability. The Village's contributions to the MPERS for the years ending June 30, 2024, 2023, and 2022 were not paid and information was not available until after a compromise and settlement of claims was agreed-upon. Ultimately that litigation resulted in an unpaid liability to MPERS of \$425,448.81 and to the Chief of Police of \$175,000. See Finding 2024-7 C in the findings section of this report for more details.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF FENTON, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Taxes:				
Property	\$ 15,468	\$ 21,800	\$ 14,135	\$ (7,665)
Franchise	24,000	24,000	13,714	(10,286)
Sales	--	--	40,562	40,562
Beer	800	800	495	(305)
Licenses and permits	6,500	6,500	535	(5,965)
Intergovernmental	1,900	1,900	102,666	100,766
Fines and forfeitures	940,000	940,000	1,186,767	246,767
Interest	--	200	1,703	1,503
Miscellaneous income	1,300	11,500	36,534	25,034
Total Revenues	989,968	1,006,700	1,397,111	390,411
Expenditures				
Current:				
Advertising	650	650	3,141	(2,491)
Dues	19,400	19,400	6,728	12,672
Insurance	122,850	120,850	138,888	(18,038)
Materials and supplies	89,150	108,400	64,032	44,368
Miscellaneous	4,575	4,575	3,751	824
Office supplies	4,500	4,500	14,173	(9,673)
Payroll taxes	60,000	60,000	44,562	15,438
Postage	4,000	4,000	1,989	2,011
Professional fees	45,000	45,000	241,268	(196,268)
Retirement	--	18,000	48,790	(30,790)
Repairs and maintenance	74,000	34,000	66,379	(32,379)
Salaries and wages	449,449	440,000	582,500	(142,500)
Telephone	6,000	6,000	7,604	(1,604)
Travel	6,000	6,000	2,785	3,215
Uniforms	2,000	2,000	2,262	(262)
Utilities	9,000	9,000	25,105	(16,105)
Capital outlay	70,000	80,000	175,386	(95,386)
Total Expenditures	966,574	962,375	1,429,343	(466,968)
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,394	44,325	(32,232)	(76,557)
Other Financing Sources (Uses)				
Operating transfers	--	--	(748,649)	(748,649)
Total Other Financing Sources (Uses)	--	--	(748,649)	(748,649)
Net Change in Fund Balance	23,394	44,325	(780,881)	(825,206)
Fund Balance at Beginning of Period	1,108,972	1,108,972	1,108,972	--
Prior Period Adjustment - Note J	(327,129)	(327,129)	(327,129)	--
Fund Balance at Beginning of Period - As Adjusted	781,843	781,843	781,843	--
Fund Balance at End of Period	\$ 805,237	\$ 826,168	\$ 962	\$ (825,206)

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Reporting on Fraud and Misappropriations

For the Year June 30, 2024

#	ELEMENT OF FINDING	RESPONSE
1	A general statement describing the fraud or misappropriation that occurred.	A contractor was hired to provide personal services and was overcompensated by \$31,428 in the fiscal year alone.
2	A description of the funds or assets that were the subject of the fraud or misappropriation (ex., utility receipts, petty cash, computer equipment).	Cash in the bank accounts were the subject of the possible misappropriation.
3	The amount of funds or approximate value of assets involved.	\$31,428 in funds were possibly misappropriated in the fiscal year alone.
4	The department or office in which the fraud or misappropriation occurred.	The former Mayor and Village Clerk are in the general and financial administration department.
5	The period over which the fraud or misappropriation occurred.	The analyzed possible misappropriation occurred from July 1, 2023 through June 30, 2024.
6	The title/agency affiliation of the person who committed or is believed to have committed the act of fraud or misappropriation.	The former Mayor and Village Clerk as well as a contractor with the Village.
7	The name of the person who committed or is believed to have committed the act of fraud or misappropriation, if formal charges have been brought against the person and/or the matter has been adjudicated.	Eddie B. Alfred, Jr., Krisi Boese, and Rhonda Rideaux.
8	Is the person who committed or is believed to have committed the act of fraud still employed by the agency?	No.
9	If the person who committed or is believed to have committed the act of fraud is still employed by the agency, do they have access to assets that may be subject to fraud or misappropriation?	N/A.
10	Has the agency notified the appropriate law enforcement body about the fraud or misappropriation?	Yes.

VILLAGE OF FENTON, LOUISIANA
Reporting on Fraud and Misappropriations

For the Year June 30, 2024

11	What is the status of the investigation at the date of the auditor's/accountant's report?	The investigation is believed to be ongoing.
12	If the investigation is complete and the person believed to have committed the act of fraud or misappropriation has been identified, has the agency filed charges against that person?	The investigation is believed to be ongoing, and some criminal charges have been filed against the former Mayor for removal of public records.
13	What is the status of any related adjudication at the date of the auditor's/accountant's report?	The only adjudication in progress is for the removal of public records.
14	Has restitution been made or has an insurance claim been filed?	No restitution has been imposed at the time of this report.
15	Has the agency notified the Louisiana Legislative Auditor and the District Attorney in writing, as required by Louisiana Revised Statute 24:523 (Applicable to local governments only)	The Village has complied with LRA 24:523 by submitting the required written notifications timely.
16	Did the agency's internal controls allow the detection of the fraud or misappropriation in a timely manner?	No.
17	If the answer to the last question is "no," describe the control deficiency/significant deficiency/material weakness that allowed the fraud or misappropriation to occur and not be detected in a timely manner.	The internal controls were overridden by the former Mayor and Village Clerk with the payments more than the contracted amounts.
18	Management's plan to ensure that the fraud or misappropriation does not occur in the future	The current management has no plans to override internal controls there to safeguard assets.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF FENTON, LOUISIANA
Schedule of Compensation Paid to Mayor and Board of Aldermen Members
For The Year Ended June 30, 2024

Eddie Alfred, Jr., Mayor	\$ 47,040
Jessie Boese, Jr.	7,200
Manuel Alfred	7,200
Alisha Scott	<u>7,200</u>
Total Compensation Paid to Mayor and Aldermen	<u>\$ 68,640</u>

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Schedule of Compensation, Benefits and Other Payments to
Chief Executive Officer
For The Year Ended June 30, 2024

Chief Executive Officer: Eddie Alfred, Jr., Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$47,040
Benefits-insurance	-0-
Benefits-retirement	-0-
Benefits-cell phone	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	-0-
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
Housing	-0-
Unvouchered expenses	-0-
Special meals	-0-

See accompanying notes.

VILLAGE OF FENTON, LOUISIANA
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2024

	First Six Month Period Ended 12/31/2023	Second Six Month Period Ended 06/30/2024
Beginning Balance of Amounts Collected but Not Disbursed (PY Payable)	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	466,388	461,220
Subtotal Collections	<u>466,388</u>	<u>461,220</u>
Less: Disbursements To Governments & Nonprofits:		
Court Management Information System - Criminal Court Costs/Fees	1,981	1,987
Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Court Costs/Fees	8,750	8,952
Louisiana Judicial College - Criminal Court Costs/Fees	991	993
LDHH - Careless Operations	50	15
LA Commission	3,872	3,886
Less: Amounts Retained by Collecting Agency		
Village of Fenton - Police Special	29,742	29,820
Village of Fenton - Criminal Fines	421,002	415,567
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	<u>466,388</u>	<u>461,220</u>
Total: Ending Balance of Amounts Collected But Not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>
Other Information:		
Ending Balance of Total Amounts Assessed But Not Yet Collected	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

ROYCE T. SCIMEMI, CPA, APAC



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Member
Society of Louisiana
Certified Public Accountants

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

October 28, 2025

Honorable Phillip Cormier, Mayor
and the Village Board of Aldermen
Village of Fenton, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Fenton, Louisiana, (the "Village") as of and for the year ended June 30, 2024 and the related notes to the basic financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated October 28, 2025.

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 to 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. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-1 I/C and 2024-15 I/C that we consider to be significant deficiencies.

Honorable Phillip Cormier, Mayor
and the Village Board of Aldermen
Village of Fenton, Louisiana
October 28, 2025
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Items 2024-2 C through 2024-14 C.

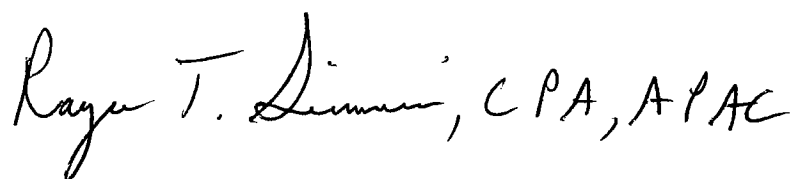
Village of Fenton, Louisiana's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying responses for the current year audit findings. The Village of Fenton, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive, flowing style.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2024

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Disclaimer of Opinion

Internal control over financial reporting:

- | | | |
|--|------------------|-----------------------------|
| • Material weakness(es) identified? | <u> X </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> X </u> yes | <u> </u> no |
| • Control deficiency(ies) identified that is/are not considered to be material weakness(es)? | <u> X </u> yes | <u> </u> none reported |
| Noncompliance material to financial statements noted? | <u> X </u> yes | <u> </u> no |

Findings:

Finding #2024-1 I/C:

Inadequate Segregation of Duties

Condition: The small number of employees renders sufficient segregation of duties impractical.

Criteria: Sufficient staff for adequate segregation of duties.

Cause: Insufficient staff to adequately segregate cash flow functions.

Effect: Possible internal control deficiency.

Recommendation: Ensure that management is involved in daily operating activities to ensure adequate oversight.

Response: The Village management will be involved in daily operating activities to ensure adequate oversight.

Finding #2024-2 C:

Failure to Properly Dispose of Surplus Assets

Condition: The Village improperly disposed of a surplus asset. This is a repeat finding.

Criteria: During the year, the Village sold a boom truck to a private vendor for \$2,000 without complying with applicable law. La. Revised Statute 49:125 governs the sale of surplus movable property at auction. After equipment has been declared surplus and its fair value has been obtained, the Village should then sell the surplus property after appropriate advertisements and at a public auction. A review of the Village's minutes revealed that the boom truck was declared surplus. However, the Village did not provide any documentation that it obtained an appraisal to establish fair market value, advertised in the official journal, requested, or obtained any sealed bids, or conducted a public auction.

Cause: Inadequate or ineffective compliance procedures.

Effect: Failure to comply with or to document compliance with La. Public Bid Law for the sale or disposal of surplus property.

Recommendation: The Village Clerk should monitor asset sales and transfers by the Village to ensure compliance with the Louisiana Public Bid Law and maintain adequate documentation of such compliance.

Response: Future surplus asset dispositions will be with the benefit of appraisal, advertised in the official journal, and after sealed bids are obtained, or through an auction by a qualified licensed auctioneer at a public sale to the highest bidder.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2024

Finding #2024-3 C:

Failure to Properly Dispose of Surplus Assets

Condition: The Village hired a local mechanic for work on a mower and a side-by-side that appears questionable. This is a repeat finding.

Criteria: The Village paid \$2,220 to a mechanic for 37 hours of work on a mower and he charged nothing for parts. The new administration also had to take back a side-by-side from that same mechanic. The mechanic charged the Village \$675 for work on the side-by-side and then informed the prior mayor that it was unrepairable. The prior mayor allowed him to simply keep it. La. R.S. 49:125 is commonly referenced for the disposition of surplus movable property by state agencies. This statute outlines the requirements for appraisal, public advertisement, and public auction or sale of surplus property by state agencies. This is a repeat finding.

Cause: Possible intentional oversight by the prior administration.

Effect: Possible violation LA R.S. 49:125.

Recommendation: The Village should follow LA R.S. 49:125 when disposing of surplus capital assets.

Response: The Village will follow LA R.S. 49:125 in the future when disposing of surplus capital assets.

Finding #2024-4 C:

Late Submission of Audit Report to the Louisiana Legislative Auditor

Condition: The Village's audit report for the fiscal year ending June 30, 2024, was not completed within the six-month deadline as per R.S. 24:513.

Criteria: LA R.S.24.513 requires that the audit report be submitted to the Louisiana Legislative Auditor within six months of the close of the auditee's fiscal year. The Village's audit report should have been submitted to the Louisiana Legislative Auditor by December 31, 2024.

Cause: The financial information to conduct the audit was not available by the required deadline.

Effect: Management did not comply with the requirements of R.S. 24:513.

Recommendation: The audit report should be submitted to the Louisiana Legislative Auditor by the December 31st deadline.

Response: The Village Clerk will ensure timely delivery of all requested documents for auditor so that future audit reports can be filed timely with Louisiana Legislative Auditor.

Finding #2024-5 C:

Raises Given to Officials Without a Required Ordinance

Condition: The Lawrason Act governs compensation paid to the Village Clerk, Chief of Police, Mayor, and each Alderman. Under the Lawrason Act, compensation to these individuals is governed by LA R.S. 33:404.1 and must be established by formal ordinance passed by the governing authority.

Criteria: The most recent ordinance addressing compensation was #2014-02, which provides for monthly compensation of \$2,750, \$4,500, \$2,500, and \$300 for the Village Clerk, Chief of Police, Mayor, and each Alderman, respectively. In the fiscal year under audit, the Village Clerk and Chief of Police received an average monthly compensation of \$4,339 and \$6,149, respectively, and the Mayor and each Alderman received monthly pay of \$3,920 and \$600, respectively. On June 29, 2023, the council voted to give themselves a monthly raise from \$400 to \$600 per month but adopted no ordinance to that effect. Based

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2024

on this information, the Village Clerk, Chief of Police, Mayor, and three Aldermen were overcompensated monthly by \$1,589, \$1,649, \$1,420, and \$900, respectively. When added together the total amount of monthly overcompensation was \$5,558 or \$66,696 during the current fiscal year.

Cause: Oversight by management.

Effect: Possible violation of the Lawrason Act and LA R.S. 33:404.1.

Recommendation: Compensation should be paid in accordance with pay scales authorized by existing ordinances and update ordinances (as needed) to govern compensation of the Village's officials.

Response: The Village's new administration adopted ordinances to govern the compensation to be paid to the Village's officials.

Finding #2024-6 C:

Overcompensation of a Contractor Related to the Prior Auditor

Condition: Article VII, Section 14 of the Louisiana Constitution prohibits the donation, loan, or pledge of public funds, credit, property or things of value to any person. This noncompliance could have occurred in several previous years.

Criteria: The Village outsourced the human resources and bookkeeping functions that are generally performed by the Mayor and Village Clerk to a consultant who was apparently employed by the prior auditor. A contract was signed by the consultant and the former Mayor on April 30, 2020, in the amount of \$2,500 per month expiring on April 30, 2023. Another contract was provided by the consultant dated June 19, 2023, in the amount of \$3,100 per month but it was not signed by the former Mayor. On May 29, 2024, the former Mayor terminated the contract effective June 1, 2024. The consultant was paid \$58,928.33 during this fiscal year, when the proper amount allowed under the contract was \$27,500 (\$2,500 per month times 11 months). Therefore, the consultant was compensated over the contract amount by \$31,428. Since this contract dates to 2020, overcompensation issues may have also occurred in prior years. This consultant was apparently responsible for human resource management for the prior audit firm for several years. The consultant used email addresses from that audit firm when communicating with the Village employees. If this were true, it could possibly indicate the prior audit firm was not independent of the Village.

Cause: Possible intentional oversight by the prior administration.

Effect: Possible violation of Article VII, Section 14 of the Louisiana Constitution.

Recommendation: Perform a specific analysis of prior years' payments and request refunds of any overcompensation paid in the current fiscal year as well as all prior fiscal years.

Response: The Village has taken the auditor's recommendations under advisement and will consult with the Jefferson Davis Parish District Attorney on possible legal action and other recoupment options.

Finding #2024-7 C:

Breach of Fiduciary Obligation

Condition: A fiduciary obligation was created by the Village when it withheld employee contributions for the Municipal Police Employees' Retirement System (MPERS) from five Village police officers' salaries over the last several years.

Criteria: The Village, through its normal payroll processing, withheld employee contributions out of the officers' payroll checks for years and failed to remit those contributions to MPERS. The previous administration did not start making contributions of employer portions and employee portions until MPERS brought litigation against the Village. In early 2024 the litigants entered a settlement that required (1) \$17,184 in previous employee withholdings from two police officers to be paid to MPERS; (2) \$408,265 in employer matching to

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2024

be paid to MPERS; and (3) established a liability to the Village Police Chief for \$175,000. Penalties to a fiduciary for such breach could possibly be brought against the responsible individuals in accordance with LA R.S. 11:264.5.

Cause: Possible intentional oversight by the prior administration.

Effect: Possible breach of fiduciary obligation.

Recommendation: Perform the specific requirements of the settlement and consider holding the prior administration responsible for damages resulting from the litigation including attorney fees and other litigation costs.

Response: The Village has paid all the employer and employee contributions in accordance with the settlement agreement as of the date of this report as well as the \$175,000 due to the Village Police Chief. The Village will consider holding the prior administration responsible once the Jefferson Davis District Attorney decides whether to proceed with charges against the prior administration.

Finding #2024-8 C:

Failure to Meter Utility Customer Usage and Charge Customers Appropriately

Condition: Municipalities should implement usage-based fees for utility services, rather than a flat rate, for reasons of equity, resource conservation, and financial stability. This approach ensures that costs are transparent, that users are empowered to manage their bills, and that the financial health of the municipal utility is protected for the long term. The Village failed to do this.

Criteria: The Village through its normal utility billing processing failed to charge more than a third of its customers for utility usage. A detailed review of the February 2024 billing registers highlighted that 58 out of 150 customers (including the former mayor) had ending meter readings for the month that were the same as the beginning meter readings. Therefore, usage has not been properly billed. According to the current administration, the meters were ordered and installed even though Village officials knew they were not working.

Cause: Possible intentional oversight by the prior administration.

Effect: Failure to charge utility customers for their usage.

Recommendation: The Village should contact the Louisiana Public Service Commission to assist with calculating the previous unmetered usage and an appropriate billing for such usage.

Response: The Village has replaced 55 of the malfunctioning meters and has ordered enough to replace the rest of them. The Village will contact the Louisiana Public Service Commission to help with the calculation and associated billing of the utility customers for the previous unmetered usage.

Finding #2024-9 C:

Various Possibly Improper Payments

Condition: The Village was making improper payments for various reasons.

Criteria: The Village paid a local restaurant for two invoices for numerous people totaling \$1,561 for Christmas parties and no one currently working for the Village was in attendance. The public was apparently not invited. A McDonald's gift card was purchased for \$134 and gifts totaling \$644 were purchased from Oriental Trading Company. Feminine hygiene products totaling \$30 were purchased. Sales taxes were also paid on some of the disbursements even though the Village is exempt from sales taxes.

Cause: Possible intentional oversight by the prior administration.

Effect: Possible violation of Article 7 Section 14 of the Louisiana Constitution.

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2024

Recommendation: The Village should not conduct such transactions in the future, and it should consider whether restitution for these improper payments should be requested.

Response: The Village will not conduct such transactions in the future and will defer to the Jefferson Davis Parish District Attorney for possible prosecution and/or restitution.

Finding #2024-10 C:

Failure to Submit Unpaid Tickets to DMV for Drivers' Licenses Suspensions

Condition: The Village has not submitted driver's licenses for suspension or issued bench warrants on unpaid tickets.

Criteria: LA R.S. 32:57.1 regarding license suspension for failure to appear and LA C.Cr.P. Art. 21 regarding bench warrants for failure to appear have not been followed. We tested 15 randomly selected tickets to their conclusion. One of them was delinquent and had not been paid. It was well past the delinquent date and no bench warrant had been issued and the notice of failure to appear had not been sent to the state to have the defendant's driver's license suspended. We ran a report on the ticket tracker system for all old outstanding tickets from January 2020 through June 2024 and selected a sample of ten to see if bench warrants were issued and whether the defendants' drivers license had been suspended. Out of the ten, two had no applicable bench warrant issued nor had notice of failure to appear been submitted to the state for suspension of the defendants' driver's licenses.

Cause: Possible intentional oversight by the prior administration.

Effect: Possible violation of LA R.S. 32:57.1 and LA C.Cr.P. Art. 21.

Recommendation: The Village should follow LA R.S. 32:57.1 and LA C.Cr.P. Art. 21 by issuing bench warrants and submitting notices of failure to appear to the state for purposes of suspending driver's licenses when required.

Response: The Village will follow LA R.S. 32:57.1 and LA C.Cr.P. Art. 21 by issuing bench warrants and submitting notices of failure to appear to the state for purposes of suspending driver's licenses when required.

Finding #2024-11 C:

Late Payment and Late Submission of Payroll Tax Returns Penalties Assessed

Condition: Federal and state laws require that payroll taxes be withheld from employees' wages and remitted to the appropriate agencies by specified due dates. These payroll reports and the resulting taxes are due by the end of the month following the applicable quarter. Payroll tax reports not being timely filed, and the resulting taxes not being timely paid will cause penalties to be imposed by federal and state agencies.

Criteria: The Village filed its 2023 3rd quarter payroll reports on 1/11/24 and its 2024 1st and 2nd quarter payroll reports on October 10, 2024. There were numerous other late returns and late payments, resulting in late filing/payment penalties and interest being assessed against the Village in excess \$2,500 during fiscal year ended June 30, 2024.

Cause: Oversight by the prior administration.

Effect: Violation of the penalty deadline often resulting in the assessment of late payment and submission penalties and interest.

Recommendation: The Village should comply with all federal and state payroll tax payment and filing deadlines.

Response: The Village will comply with all federal and state payroll tax payment and filing deadlines.

Finding #2024-12 C:

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2024

Failure to Comply with Local Governmental Budget Act

Condition: The Village failed to comply with the Local Government Budget Act (LGBA). This is a repeat finding.

Criteria: The Village's management did not comply with the Local Government Budget Act, which directs political subdivisions of the state as to the way budgets shall be adopted, implemented, and amended. LGBA directs political subdivisions to allow for public participation prior to the adoption of a budget. No budget was provided for the American Rescue Plan and Streets special revenue funds.

Cause: The General Fund's original budget and amended budget adopted by the Village for the fiscal year ending June 30, 2024, did not include a budget message as required by law. LA R.S. 39:1305(C)(l) requires a budget message for the general fund and each special revenue fund signed by the budget preparer that provides a summary description of the proposed financial plan, policies, objectives, assumptions, budgetary basis, and a discussion of the most important features. We could not verify that the original budget was adopted in a public meeting. The Village management was unable to provide documentation that a notice regarding public comment was posted in the Village's official register. The Village failed to adopt both budgets by ordinance as required by the LGBA. The budgets lacked additional information as required by LA R.S. 39:1305. The Village budget documentation did not include information such as year-to-date actual and estimated fund balances at end of year and a percentage change for all funds. We could not verify that the original or the amended budgets were published.

Effect: Possible Violation of the LGBA.

Recommendation: We recommend that management comply with all provisions of the LGBA. The Village's annual budget should be adopted by ordinance before the beginning of each fiscal year (July 1), and the budget (along with supporting documentation) should contain all required information.

Response: In the future, the Village will adhere to the requirements of the LGBA including the adoption of any required amendments to the budgets. A mayor's summary/budget message will be included with the proposed budget. All budgets will be adopted by ordinance. Also, the Village will provide budgets for all special revenue funds in the future as well.

Finding #2024-13 C:

Failure to Comply with Local Governmental Budget Act

Condition: The Village failed to comply with the Local Government Budget Act (LGBA). The General Fund actual expenditures exceeded budgeted expenditures by 49%.

Criteria: The actual expenditures in the General Fund were more than budgeted expenditures by 5% or more. When this occurs the LGBA requires the amendment of the budget to account for spending in excess of planned amounts.

Cause: The budget was prepared before numerous corrections to the accounting system were posted and did not include significant capital outlays and salaries.

Effect: Possible violation of the LGBA.

Recommendation: Closely monitor budgets and amend the budget when necessary.

Response: The Village will review the budgets monthly in the future and will make the necessary amendments when required by the LGBA.

Finding #2024-14 C:

Village Paid for Street Lights that Face a Prior Council Member's and the Prior Mayor's Homes

Condition: During the audit period, the Village paid for ongoing electricity costs of streetlights located on private real estate owned by the former mayor, a certain former Aldermen, and the former Aldermen's sibling. The

VILLAGE OF FENTON, LOUISIANA
Schedule of Findings and Responses-Continued
Year Ended June 30, 2024

lights were installed facing the houses and were possibly set up at the direction of the former mayor. Upon discovery of this issue, the new mayor instructed the electricity vendor to disconnect 5 streetlights that were facing private property. The total cost of electricity provided for the streetlights facing the former Aldermen's home and sibling's home for fiscal year ending June 30, 2024, was \$1,400. The Village was unable to calculate the cost of the streetlight at the prior mayor's home and in two other instances even with the help of the electricity vendor. This issue could have been an issue in several previous and subsequent years.

- Criteria:** Louisiana Revised Statutes Title 42, Section 1461, and the Village's own policies require that public funds be expended only for public purposes and prohibit the use of Village resources for personal benefit. Government Finance Officers Association (GFOA) best practices and ethical standards require that expenditures of public funds be for the benefit of the public and not for the private benefit of officials or employees.
- Cause:** There was either a lack of oversight and review of street light installation requests and approvals or they were possibly installed in that prohibited manner.
- Effect:** Possible violation of Louisiana Revised Statutes Title 42, Section 1461.
- Recommendation:** We recommend that management comply with all provisions of the Louisiana Revised Statutes including the one cited here.
- Response:** The Village has, with the assistance of the electricity vendor, disconnected the appropriate streetlights facing the private residences. We are reviewing all street lighting expenditures for the past open years and will seek reimbursement where appropriate. New procedures will be implemented to ensure that all future street lighting expenditures are reviewed and properly approved and are for public purposes only.

Finding #2024-15 I/C:

Failure to Maintain Compensated Absence Records and Corresponding Liability

- Condition:** The Village did not provide detailed records of employees' earned and unused compensated absences (such as vacation and sick leave). As a result, the Village was unable to report a liability for compensated absences in its financial statements. The Village could very easily overcompensate its employees with no accounting for compensated absences.
- Criteria:** Governmental Accounting Standards Board Statement No. 101, Compensated Absences, requires that governments recognize a liability for compensated absences attributable to services already rendered, that accumulate, and are more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Article 7 Section 14 of the Louisiana Constitution could have been violated if an employee was overcompensated.
- Cause:** The Village had not established procedures to track and record compensated absences earned and used by employees.
- Effect:** The absence of such records and the related liability may result in a material misstatement of the City's financial statements and is a departure from generally accepted accounting principles. Also, the Village could have violated Article 7 Section 14 of the Louisiana Constitution.
- Recommendation:** We recommend that the Village implement procedures to maintain detailed records of compensated absences earned and used by each employee. This will enable the Village to accurately estimate and report the related liability in accordance with GASB standards.
- Response:** The Village will update the compensated absences records to maintain a proper accounting of vacation and sick leave earned and used as well as track the corresponding liability.

Findings and questioned costs for federal awards:

Not applicable

VILLAGE OF FENTON, LOUISIANA
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2024

Finding #2023-1 I/C:

Material Financial Statement Adjustments

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

Finding #2023-2 C:

Public Bid Law

The Village will comply with the public bid law and will treat contractors equally when awarding bids for materials and supplies or public works in the future.

Finding #2023-3 I/C:

Failure to Obtain Board Approval to Enter into Contract Agreement

The Mayor will request approval of all contracts from the Aldermen before signing agreements for said contracts in the future.

Finding #2023-4 C:

Failure to Publish Minutes of Public Meetings in Timely Manner

The Village will publish its minutes in compliance with LA R.S. 42:20-21 in the future.

Finding #2023-5 C:

Failure to Properly Dispose of Surplus Assets

The Village will properly dispose of surplus assets using a sealed bid process in the future.

Finding #2023-6 C:

Louisiana Governmental Budget Act

The Village will include a budget message for the general fund and each special revenue fund when preparing its budgets in compliance with LA R.S. 39:1305 in the future.

Finding #2023-7 C:

Failure to Follow Guidelines Relating to Acquisition of a Motor Vehicle

The Village will comply with LA R.S. 38:2212 when procuring assets in the future.



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Independent Accountant's Report On Applying Agree-Upon Procedures For the Year Ended June 30, 2024

Honorable Phil Cormier, Mayor
And the Village Board of Aldermen
Village of Fenton, Louisiana

October 28, 2025

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 Agree-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. The Village of Fenton, Louisiana's (the "Village") management is responsible for those C/C areas identified in the SAUP's.

The Village has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023, through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

No exceptions were found because of this procedure.

ii. ***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.

The Village's policies did not address how vendors are added to the vendor list (Exception). No other exceptions were found because of this procedure.

Management Corrective Action: The Clerk will prepare, and the Village will adopt, a policy amendment to include how vendors are added to the vendor list.

- iii. ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found because of this procedure.

- iv. ***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).

No exceptions were found because of this procedure.

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

No exceptions were found because of this procedure.

- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No policies were found to address these requirements (Exception).

Management Corrective Action: The Clerk will prepare, and the Village will adopt, a new policy to address these omitted requirements.

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

No exceptions were found because of this procedure.

- viii. ***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).

No exceptions were found because of this procedure.

- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No policies were found to address the requirements to have a system to monitor possible ethics violations and to maintain documentation to demonstrate that all employees and officials were notified of any changes to the Village's ethics policy (Exception). No other exceptions were found because of this procedure.

Management Corrective Action: The Clerk will prepare, and the Village will adopt, new policies to address these omitted requirements.

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

No policies were found to address these requirements (Exception).

Management Corrective Action: The Clerk will prepare, and the Village will adopt, new policies to address these omitted requirements.

- xi. **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.

No policies were found to address these requirements (Exception).

Management Corrective Action: The Clerk will prepare, and the Village will adopt, new policies to address these omitted requirements.

- xii. **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.

No policies were found to address these requirements (Exception).

Management Corrective Action: The Clerk will prepare, and the Village will adopt, new policies to address these omitted requirements.

2) Board or Finance Committee

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

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

The minutes reflect that the Board of Aldermen met monthly without exception.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Monthly income statements for the general fund and proprietary fund with budgetary comparisons and variances were not provided to the Board of Aldermen and Mayor at each meeting. (Exception).

Management Corrective Action: The Clerk will prepare monthly budget to actual comparisons for all funds to distribute to the Aldermen at each meeting.

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

The general fund did not have a negative ending unassigned fund balance in the prior year audit report, and therefore the remaining requirements of this section are not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

There were numerous findings in the prior year with no written updates of the progress of resolving them reflected in the monthly minutes. (Exception).

Management Corrective Action: The Mayor and Board of Aldermen will be made aware of all findings and discuss recommendations to resolve the prior year findings and document the discussion and plan until the findings are resolved.

3) Bank Reconciliations

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

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

The listing was provided and represented to be complete by management. None of the bank reconciliations were completed within two months of the statement closing date. (Exception).

Management Corrective Action: Management will monitor the bank reconciliations to assure they are being completed in a timely manner.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

A member of management did not review and initial all bank reconciliations tested. However, the Mayor signs checks and participates in the issuance of them (Exception).

Management Response/Corrective Action: The Village has a small number of employees performing these essential accounting functions and segregation of duties can be difficult. The Mayor is responsible for overseeing all essential accounting functions and does not handle cash. He will initial off on each reconciliation in the future.

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

There was numerous outstanding checks issued more than 12 months from the closing statement date (Exception).

Management Response/Corrective Action: Management will research and reissue any outstanding items more than 12 months from the statement closing date or remit any qualifying payments to the State of Louisiana Unclaimed Property Division.

4) Collections (excluding electronic funds transfers)

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

The listing was provided by management without exception.

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

The listing was provided by management without exception.

- i. Employees responsible for cash collections do not share cash drawers/registers;
The policies and procedures reflected that only one employee is responsible for the register each day and that they do not share cash drawers/registers with other employees without exception.
- ii. 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;
The policies and procedures reflected that each employee responsible for collecting cash is not responsible for preparing/making deposits without exception.
- iii. 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; and
The policies and procedures reflect that the employees responsible for collecting cash do not have access to the general ledger without exception.
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
There is an employee who is responsible for reconciling cash collections to the general ledger who also occasionally collects cash. However, another employee verifies the reconciliation.

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

The listing required bonding and insurance documents were provided by management without exception. Each employee that is responsible for handling cash was bonded during and at the end of the fiscal period without exception.

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

- i. Observe that receipts are sequentially pre-numbered.
Receipts were sequentially pre-numbered where applicable without exception.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
When applicable, the sequentially pre-numbered receipts, system reports, and other related collection documentation on the tested deposits were traced to the associated deposit slips without exception.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
The deposit slip totals on the tested deposits were traced to the bank statement deposits where applicable without exception.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
All deposits were made within one week of receipt without exception and the bank is more than 10 miles from the collection location. Cash is stored securely in a locked drawer.
- v. Trace the actual deposit per the bank statement to the general ledger.
The tested deposits were traced to the general ledger without exception.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
The listing was provided and represented to be complete by management without exception.
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
The listing was provided and represented to be complete by management without exception.
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
None of the five transactions tested had documentation of more than one employee initiating the purchase request, approving the purchase, and placing/making the order (Exception).
Management Response/Corrective Action: Management will require that more than one employee be involved in initiating a purchase request, approved a purchase, and placing an order or making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors;
In the tested transactions, at least two employees were involved in processing and approving payments to vendors without exception.
 - iii. 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;
In the tested transactions, the accounts payable clerk was responsible for processing payments and had the authority to add/modify vendor files. (Exception).
Management Response/Corrective Action: Due to the small size of the entity, the only corrective action will be a policy addition that requires another employee to be responsible for periodically reviewing changes to vendor files .
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

In the tested transactions, the employee responsible for signing checks gave the signed checks to another employee to mail who is not responsible for processing payments without exception.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

In the tested transactions, there was no payment documentation of any approval from employees authorized to sign checks (Exception).

Management Response/Corrective Action: The only corrective action will be a policy addition that requires an authorizing employee/official to be responsible for electronic disbursements.

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

Management provided the non-payroll disbursement transaction population and represented it to be complete without exception.

- i. Observe whether the disbursement, whether by 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, and

In the tested transactions, the disbursements matched the related original invoices in 4 out of the 5 transactions. No related original invoice or any other documentation was available for 1 of the tested transactions in the amount of \$3,800 (Exception). Also, there was no supporting documentation that indicated that deliverables included on the invoice were received by the Village (Exception).

Management Response/Corrective Action: The Village already has a policy that requires invoices be retained with that supporting documentation that indicating that deliverables included on the invoice were received by the Village. The Village will comply with its policies in the future.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

The disbursement documentation did include written evidence of segregation of duties (i.e., the payment processing employee and the approving employee were not the same employee).

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Of the five electronic disbursements tested, none had evidence of an approval by a person authorized to disburse funds other than the purchaser (Exception).

Management Response/Corrective Action: Management will update the policies to ensure approval of all electronic transactions by those authorized to disburse funds and who does have signature authority

but is not the person initiating the electronic transaction. In the future, electronic transactions will be reviewed and verified by management at the time the bank reconciliations are reviewed.

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

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

The listing was provided and represented to be complete by management.

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

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

The former Mayor was in possession of the only credit card the Village used. There was no evidence that the monthly statement or appropriate supporting documentation was reviewed or approved in writing by someone other than the authorized card holder (Exception).

Management Response/Corrective Action: Management will ensure to attach original receipts or invoices to statements as supporting documentation for each credit (debit) card transaction in the future. Policy will be adopted requiring written approval by someone other than the authorized card holder.

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

No finance charges and or late fees were assessed on the month tested.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Two of the transactions tested were not supported by an original itemized receipts that identified precisely what was purchased (Exception). There was no documentation of the business/public purpose for any of the transactions tested (Exception). No meal purchases occurred during the month tested.

Management Response/Corrective Action: Employees will be required to attach original itemized receipts showing precisely what was purchased to each monthly statement. Management will also require written documentation of the business/public purpose for each transaction, including when applicable, the names of any individuals participating in meals.

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

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

The listing was provided and represented to be complete by management.

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

In all five of the tested transaction, no documentation was provided to show which rates the Village used or how the reimbursement was calculated (Exception).

Management Response/Corrective Action: Management will use standard GSA rates for all travel reimbursements and document each travel reimbursement in the future.

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

In all five of the tested transaction, no documentation was provided to show which rates the Village used or how the reimbursement was calculated (Exception).

Management Response/Corrective Action: Each reimbursement for actual costs shall require an original itemized receipt that identifies precisely what was purchased in the future.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

None of the reimbursements tested had supporting documentation detailing the business purpose of the charges. (Exception).

Management Response/Corrective Action: In the future, the reimbursements will be supported by documentation showing the business/public purpose including the names of each individual involved in the meals.

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

No written documentation was provided to show that each reimbursement was reviewed and approved by someone other than the person receiving the signed check (Exception).

Management Response/Corrective Action: A different member of management other than the person receiving the reimbursement will approve each reimbursement in writing in the future.

8) *Contracts*

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

The listing was provided and represented to be complete by management.

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

None of the five contracts tested were required to be bid in accordance with the Louisiana Public Bid Law.

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

We were unable to obtain copies of any of the five tested contracts. One of the five tested contracts was approved by the governing board (Exception).

Management Response/Corrective Action: All contracts will be presented to the Board of Aldermen for approval prior to signing.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

We were unable verify that any of the contracts tested were amended or if an amendment was approved by the council (Exception).

Management Response/Corrective Action: In the future, any amendments or changes to contracts will be documented and submitted to the Board of Aldermen for approval.

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

For three of the contracts tested, there was a complete lack of documentation to prove payments were in accordance with the terms and conditions of the respective contracts (Exception). It was probable that the other two were following the terms and conditions of their contracts, but verification is not possible without the actual contracts.

Management Response/Corrective Action: In the future, management will obtain and retain contracts, invoices, bids, and other documentation for prudent asset management, and will require that all future payments be in accordance with the respective contract terms and conditions.

9) Payroll and Personnel

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

This listing was provided and represented to be complete by management. Since we were provided no personnel files, the salary/pay rates for the five selected employees/officials could not be verified (Exception).

Management Response/Corrective Action: Management will update and maintain personnel files to include current and past pay rates and salaries.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
Since documentation of daily attendance and leave for all employees was not provided, we were unable to verify compliance for each selected employee (Exception).
Management Response/Corrective Action: Records will be maintained and retained that document daily attendance and documentation of leave in the future.
- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
Supervisor's approval of attendance and leave was not provided (Exception).
Management Response/Corrective Action: Written document of supervisor approval of leave will be maintained and retained with other required payroll documentation in the future.
- iii. Observe that any leave accrued and taken during the pay period is reflected in the entity's cumulative leave records; and
Cumulative leave accrued or taken was not tracked or documented (Exception).
Management Response/Corrective Action: Management will review all leave accrued and taken and require that cumulative leave records be maintained and reviewed for accuracy.
- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
Since we were provided no personnel files, the pay rates or salary rates for the five selected employees/officials could not be verified (Exception).
Management Response/Corrective Action: Management will designate an employee to update all personnel files to reflect salary/pay rates.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
The listing was provided and represented to be complete by management. However, since there was no authorized salary/payrate located in personnel files at the time of termination and there was no documentation of a calculation of the final paycheck, testing was not possible (Exception).
Management Response/Corrective Action: Management will maintain records of termination pay calculations to ensure rates, hours worked, and sick/vacation time utilized and accrued are accurate in the future.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.
Management represented that employee and employer portions of third-party payroll related amounts were often either not paid or not filed timely or not accurate (Exception).
Management Response/Corrective Action: The current administration has resolved past-due balances with all third-party payroll related entities. Management oversight will ensure accurate and timely payments and reporting in the future.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
- The documentation provided demonstrated that none of the 5 employees/officials tested had completed their one hour of ethics training during the calendar year (Exception).**
- Management Response/Corrective Action: Management will require attendance by each employee/official to the one-hour ethics training and will annually obtain documentation of attendance and completion.**
- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- Since there were no changes in the Village's ethics policy during the fiscal year, there was no need for any notifications.**
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.
- Upon inquiry, management advised that there was no ethics designee they are aware of from the prior administration (Exception).**
- Management Response/Corrective Action: Management will appoint someone as the ethics designee.**

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- Management represented that there were no bonds/notes or other similar long-term debt that was issued during the fiscal year.**
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
- Management represented that there were no bonds/notes issued or other similar long-term debt outstanding during or at the end of the fiscal year.**

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management represented that the Village did potentially have a misappropriation of public funds and/or assets during the fiscal year where a vendor was paid significantly more than her contracted amount and certain officials were receiving security lighting at their personal residences funded by the Village (see current year reported findings) (Exception).

Management Response/Corrective Action: Management has made the proper authorities aware of the potential of misappropriation of public funds and assets. Management will also attempt to prevent such misappropriations in the future.

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

The Village's office did have the required notice posted in a conspicuous place upon its premises and on the Village's website. No exceptions were found because of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

The tested terminated employees had been removed or disabled from the network without exception.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates

that the following 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; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

None of the five tested employees/officials had completed the required cybersecurity training in compliance within the requirements of R.S. 42:1267 (Exception).

Management Response/Corrective Response: Management will require all current and new employees to complete the required cybersecurity training and provide documentation of completion, with new employees completing such training.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Management provided no documentation that any of the five employees/officials tested had completed at least one hour of sexual harassment training during the fiscal year (Exception).

Management Response/Corrective Action: Management will require all employees/officials to complete the required at least one-hour sexual harassment training during each fiscal year and provide documentation of completion.

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

We visually observed that the Village's sexual harassment policy and complaint procedure was posted in a conspicuous location on the premises and on the Village's website without exception.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

The number (12) and percentage (0%) of public servants who have completed the training (Exception). No annual report was provided.

Management Response/Corrective Action: Management will (a) require attendance of the sexual harassment training by all employees/officials; (b) obtain annual documentation of completion from; and (c) prepare the Village's sexual harassment report for the preceding calendar year on or before February 1 of each future year.

- ii. Number of sexual harassment complaints received by the agency;

Management represented that there were no sexual harassment complaints received by the Village.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

Not applicable.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

Not applicable.

- v. Amount of time it took to resolve each complaint.

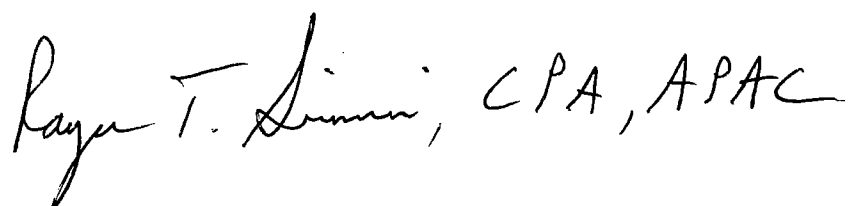
Not applicable.

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

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

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

Royce T. Scimemi, CPA, APAC
Oberlin, Louisiana
October 28, 2025

A handwritten signature in black ink that reads "Royce T. Scimemi, CPA, APAC". The signature is written in a cursive, flowing style.