

VILLAGE OF PALMETTO, LOUISIANA

Financial Report

Year Ended July 31, 2022

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1-4
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net position	7
Statement of activities	8
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental fund	11
Reconciliation of the governmental fund balance sheet to the statement of net position	12
Statement of revenues, expenditures, and changes in fund balance - governmental fund	13
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of the governmental fund to the statement of activities	14
Statement of net position - proprietary funds	15
Statement of revenues, expenses, and changes in fund net position - proprietary funds	16
Statement of cash flows - proprietary funds	17-18
Notes to basic financial statements	19-37
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule:	
General Fund	39
Notes to required supplementary information	40
OTHER SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
Detail of revenues - General Fund	42
Detail of expenditures - General Fund	43
Comparative balance sheet - Water Utility Fund	44
Comparative statement of revenues, expenditures, and changes in fund net position - Water Utility Fund	45
Justice System Funding Schedule - Collecting/Disbursing Entity	46
Schedule of number of water utility customers and water rates (unaudited)	47
Schedule of aged accounts receivable - water system (unaudited)	48
Schedule of insurance in force (unaudited)	49
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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 <i>Government Auditing Standards</i>	51-52
Schedule of current and prior year audit findings and management's corrective action plan	53-57

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT AUDITOR'S REPORT

The Honorable Joseph Irving, Jr., Mayor
and Members of the Board of Aldermen
Village of Palmetto, Louisiana

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 39-40 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.

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

Supplementary Information

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

The prior year comparative information reported on the comparative water utility fund financial statements has been derived from the Village's 2021 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they were derived.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
January 24, 2023

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF PALMETTO, LOUISIANA

Statement of Net Position
July 31, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 32,779	\$ 47,912	\$ 80,691
Investments	102	25,004	25,106
Receivables	1,080	49,470	50,550
Due from other governmental agencies	3,510	-	3,510
Restricted assets:			
Cash and interest-bearing deposits	-	94,353	94,353
Investments	-	120,049	120,049
Land	5,250	32,069	37,319
Capital assets, net	<u>399,373</u>	<u>1,645,184</u>	<u>2,044,557</u>
Total assets	<u>442,094</u>	<u>2,014,041</u>	<u>2,456,135</u>
LIABILITIES			
Accounts and other payables	325	18,395	18,720
Interest payable	-	2,659	2,659
Internal balances	(27,087)	27,087	-
Customer deposits	-	64,077	64,077
Advances from grantors	15,807	-	15,807
Long-term liabilities:			
Bonds, notes, and leases due within one year	2,491	11,180	13,671
Bonds, notes, and leases due after one year	<u>4,683</u>	<u>330,576</u>	<u>335,259</u>
Total liabilities	<u>(3,781)</u>	<u>453,974</u>	<u>450,193</u>
NET POSITION			
Net investment in capital assets	397,449	1,335,497	1,732,946
Restricted for debt service	-	147,666	147,666
Unrestricted	<u>48,426</u>	<u>76,904</u>	<u>125,330</u>
Total net position	<u>\$ 445,875</u>	<u>\$ 1,560,067</u>	<u>\$ 2,005,942</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Statement of Activities
For the Year Ended July 31, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 64,542	\$ 18,200	\$ -	\$ -	\$ (46,342)	\$ -	\$ (46,342)
Public safety	28,204	13,148	-	13,782	(1,274)	-	(1,274)
Highways and streets	71,953	24,919	-	-	(47,034)	-	(47,034)
Interest on long-term debt	617	-	-	-	(617)	-	(617)
Total governmental activities	<u>165,316</u>	<u>56,267</u>	<u>-</u>	<u>13,782</u>	<u>(95,267)</u>	<u>-</u>	<u>(95,267)</u>
Business-type activities:							
Gas	369,281	324,028	-	-	-	(45,253)	(45,253)
Water	386,445	319,270	-	18,297	-	(48,878)	(48,878)
Total business-type activities	<u>755,726</u>	<u>643,298</u>	<u>-</u>	<u>18,297</u>	<u>-</u>	<u>(94,131)</u>	<u>(94,131)</u>
Total	<u>\$ 921,042</u>	<u>\$ 699,565</u>	<u>\$ -</u>	<u>\$ 32,079</u>	<u>\$ (95,267)</u>	<u>\$ (94,131)</u>	<u>\$ (189,398)</u>
General revenues:							
Taxes					15,598	-	15,598
Licenses and permits					18,102	-	18,102
Grants and contributions not restricted to specific programs					27,312	-	27,312
Interest and investment earnings					-	503	503
Miscellaneous					1,764	-	1,764
Total general revenues and transfers					<u>62,776</u>	<u>503</u>	<u>63,279</u>
Change in net position					(32,491)	(93,628)	(126,119)
Net position - beginning					<u>478,366</u>	<u>1,653,695</u>	<u>2,132,061</u>
Net position - ending					<u>\$ 445,875</u>	<u>\$ 1,560,067</u>	<u>\$ 2,005,942</u>

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

FUND FINANCIAL STATEMENTS (FFS)

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.

Enterprise Funds

Gas Utility Fund

To account for the provision of gas service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

Water Utility Fund

To account for the provision of water service to the residents of the Village and some residents of the Parish. All activities necessary to provide such service are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collection.

VILLAGE OF PALMETTO, LOUISIANA

Balance Sheet
Governmental Fund - General Fund
July 31, 2022

ASSETS

Cash and interest-bearing deposits	\$ 32,779
Investments	102
Due from other governmental agencies	3,510
Due from other funds	27,456
Other receivables	<u>1,080</u>
Total assets	<u>\$ 64,927</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accrued liabilities	\$ 325
Advances from grantors	15,807
Due to other funds	<u>369</u>
Total liabilities	<u>16,501</u>
Fund balance:	
Unassigned	<u>48,426</u>
Total liabilities and fund balance	<u>\$ 64,927</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
July 31, 2022

Total fund balance for the governmental fund at July 31, 2022		\$ 48,426
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 5,250	
Land improvements, net of \$193,934 accumulated depreciation	39,026	
Buildings and improvements, net of \$314,559 accumulated depreciation	97,794	
Equipment, net of \$251,242 accumulated depreciation	105,751	
Infrastructure, net of \$260,237 accumulated depreciation	<u>156,802</u>	404,623
Some liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds. These liabilities consist of the following:		
Capital lease payable		<u>(7,174)</u>
Total net position of governmental activities at July 31, 2022		<u>\$ 445,875</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Governmental Fund - General Fund
 For the Year Ended July 31, 2022

Revenues:	
Taxes	\$ 15,598
Licenses and permits	18,102
Intergovernmental	14,093
Charges for services	43,119
Fines and forfeits	13,148
Miscellaneous	<u>28,765</u>
Total revenues	<u>132,825</u>
Expenditures:	
Current -	
General government	41,572
Public safety	24,967
Highways and streets	23,414
Debt service	2,997
Capital outlay	<u>12,129</u>
Total expenditures	<u>105,079</u>
Net change in fund balance	27,746
Fund balance, beginning	<u>20,680</u>
Fund balance, ending	<u>\$ 48,426</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended July 31, 2022

Total net change in fund balance for the year ended July 31, 2022 per the statement of revenues, expenditures and changes in fund balance	\$ 27,746
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense for the year ended July 31, 2022	(62,617)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts, are amortized in the statement of activities over multiple periods.	
Repayment of long-term debt	<u>2,380</u>
Total change in net position for the year ended July 31, 2022 per the statement of activities	<u>\$(32,491)</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Statement of Net Position
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 July 31, 2022

	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 16,635	\$ 31,277	\$ 47,912
Investments	25,004	-	25,004
Receivables -			
Accounts. net	27,787	21,683	49,470
Due from other funds	-	16,560	16,560
Total current assets	<u>69,426</u>	<u>69,520</u>	<u>138,946</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest-bearing deposits	19,753	74,600	94,353
Investments	4,500	115,549	120,049
Land	29,238	2,831	32,069
Capital assets, net	98,917	1,546,267	1,645,184
Total noncurrent assets	<u>152,408</u>	<u>1,739,247</u>	<u>1,891,655</u>
Total assets	<u>221,834</u>	<u>1,808,767</u>	<u>2,030,601</u>
LIABILITIES			
Current liabilities (payable from current assets):			
Accounts payable and other payables	17,761	634	18,395
Due to other funds	36,113	7,534	43,647
Total	<u>53,874</u>	<u>8,168</u>	<u>62,042</u>
Current liabilities (payable from restricted assets):			
Customer deposits	24,253	39,824	64,077
Revenue bonds payable	-	11,180	11,180
Accrued interest payable	-	2,659	2,659
Total	<u>24,253</u>	<u>53,663</u>	<u>77,916</u>
Total current liabilities	78,127	61,831	139,958
Noncurrent liabilities:			
Revenue bonds payable	-	330,576	330,576
Total liabilities	<u>78,127</u>	<u>392,407</u>	<u>470,534</u>
NET POSITION			
Net investment in capital assets	128,155	1,207,342	1,335,497
Restricted for debt service	-	147,666	147,666
Unrestricted	15,552	61,352	76,904
Total net position	<u>\$ 143,707</u>	<u>\$ 1,416,360</u>	<u>\$ 1,560,067</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Statements of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Funds
 Business-Type Activities - Enterprise Funds
 For the Year Ended July 31, 2022

	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 316,534	\$ 258,480	\$ 575,014
Miscellaneous	<u>7,494</u>	<u>60,790</u>	<u>68,284</u>
Total operating revenues	<u>324,028</u>	<u>319,270</u>	<u>643,298</u>
Operating expenses:			
Gas purchases	152,646	-	152,646
Salaries and related benefits	85,825	109,032	194,857
Operating and maintenance	32,958	103,444	136,402
Auto expenses	8,710	7,563	16,273
Office supplies and expenses	4,998	6,866	11,864
Computer costs	1,078	1,078	2,156
Telephone and utilities	28,252	20,293	48,545
Insurance	32,270	21,068	53,338
Professional fees	5,547	23,139	28,686
Depreciation	13,073	71,072	84,145
Bad debts	1,629	2,443	4,072
Other	<u>2,126</u>	<u>4,643</u>	<u>6,769</u>
Total operating expenses	<u>369,112</u>	<u>370,641</u>	<u>739,753</u>
Operating loss	<u>(45,084)</u>	<u>(51,371)</u>	<u>(96,455)</u>
Nonoperating revenues (expenses):			
Interest income	107	396	503
Interest expense	<u>(169)</u>	<u>(15,804)</u>	<u>(15,973)</u>
Total nonoperating revenues (expenses)	<u>(62)</u>	<u>(15,408)</u>	<u>(15,470)</u>
Loss before contributions	(45,146)	(66,779)	(111,925)
Capital contributions	<u>-</u>	<u>18,297</u>	<u>18,297</u>
Change in net position	(45,146)	(48,482)	(93,628)
Net position, beginning	<u>188,853</u>	<u>1,464,842</u>	<u>1,653,695</u>
Net position, ending	<u>\$ 143,707</u>	<u>\$ 1,416,360</u>	<u>\$ 1,560,067</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Business-Type Activities - Enterprise Funds
For the Year Ended July 31, 2022

	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 303,721	\$ 263,995	\$ 567,716
Payments to suppliers	(290,266)	(190,537)	(480,803)
Payments to employees	(85,825)	(109,032)	(194,857)
Other receipts	<u>7,494</u>	<u>60,790</u>	<u>68,284</u>
Net cash provided (used) by operating activities	<u>(64,876)</u>	<u>25,216</u>	<u>(39,660)</u>
Cash flows from noncapital financing activities:			
Operating transfers from (to) other funds	46,635	(11,224)	35,411
Net increase in customer deposits	<u>300</u>	<u>2,326</u>	<u>2,626</u>
Net cash provided (used) by noncapital financing activities	<u>46,935</u>	<u>(8,898)</u>	<u>38,037</u>
Cash flows from capital and related financing activities:			
Principal paid on bonds and leases payable	(2,909)	(23,586)	(26,495)
Interest and fiscal charges paid on bonds and leases payable	(169)	(16,228)	(16,397)
Purchase and construction of capital assets	1	(1)	-
Proceeds from grants	<u>-</u>	<u>18,297</u>	<u>18,297</u>
Net cash used by capital and related financing activities	<u>(3,077)</u>	<u>(21,518)</u>	<u>(24,595)</u>
Cash flows from investing activities:			
Net purchases of investments	(107)	(15,266)	(15,373)
Interest earned	<u>107</u>	<u>396</u>	<u>503</u>
Net cash used by investing activities	<u>-</u>	<u>(14,870)</u>	<u>(14,870)</u>
Net decrease in cash and cash equivalents	(21,018)	(20,070)	(41,088)
Cash and cash equivalents, beginning of period	<u>27,072</u>	<u>55,874</u>	<u>82,946</u>
Cash and cash equivalents, end of period	<u>\$ 6,054</u>	<u>\$ 35,804</u>	<u>\$ 41,858</u>

(continued)

VILLAGE OF PALMETTO, LOUISIANA

Statement of Cash Flows
 Proprietary Funds (Continued)
 Business-Type Activities - Enterprise Funds
 For the Year Ended July 31, 2022

	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided (used) by operating activities			
Operating loss	\$ (45,084)	\$ (51,371)	\$ (96,455)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	13,073	71,072	84,145
Changes in current assets and liabilities:			
(Increase) decrease in accounts receivable	(14,489)	3,072	(11,417)
Increase in provision for uncollectible accounts	1,629	2,443	4,072
Decrease in accounts and other payables for accounts and other payables	<u>(20,005)</u>	<u>-</u>	<u>(20,005)</u>
Net cash provided (used) by operating activities	<u>\$ (64,876)</u>	<u>\$ 25,216</u>	<u>\$ (39,660)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash and interest-bearing deposits - unrestricted	\$ 37,953	\$ 53,677	\$ 91,630
Cash and interest-bearing deposits - restricted	19,453	72,274	91,727
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(30,334)</u>	<u>(70,077)</u>	<u>(100,411)</u>
Total cash and cash equivalents	<u>27,072</u>	<u>55,874</u>	<u>82,946</u>
Cash and cash equivalents, end of period -			
Cash and interest-bearing deposits - unrestricted	16,635	31,277	47,912
Cash and interest-bearing deposits - restricted	19,753	74,600	94,353
Less: Interest-bearing deposits with maturity in excess of 90 days	<u>(30,334)</u>	<u>(70,073)</u>	<u>(100,407)</u>
Total cash and cash equivalents	<u>6,054</u>	<u>35,804</u>	<u>41,858</u>
Net decrease	<u>\$ (21,018)</u>	<u>\$ (20,070)</u>	<u>\$ (41,088)</u>

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

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Palmetto, Louisiana (hereinafter, "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. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Palmetto, Louisiana was incorporated in 1888 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: police protection, streets and drainage, and general administrative services. The Village owns and operates gas and water utilities systems.

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 and (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.

Section 2100 of the 2011 Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, "Defining the Financial Reporting Entity" establishes criteria for determining which entities should be considered a component unit and, as such, part of the reporting entity for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the primary government's governing authority (Mayor and Board of Aldermen) appoints a majority of board members of the potential component unit and is able to impose its will on the potential component unit or whether the potential component unit is fiscally dependent on the primary government.
3. Financial benefit/burden relationship between the primary government and the potential component unit.
4. The nature and significance of the relationship between the potential component units with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

The Village of Palmetto is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Village and do not present information on any other governmental unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government. The Village has no fiduciary funds.

Fund Financial Statements

The accounts of the Village are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Village. The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the same item or funds designated as major at the discretion of the Village. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Village uses the following funds, grouped by fund type.

Governmental Funds –

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

General Fund

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

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances for all major governmental funds and nonmajor funds aggregated. A reconciliation is presented to summarize the differences in fund balances of the governmental fund financial statements and the net position of the governmental activities in the government-wide financial statements.

Proprietary Funds -

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

Enterprise Fund

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

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The enterprise fund financial information is presented under the business-type activities column.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

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

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all cash on hand, demand accounts, savings accounts, and certificates of deposit of the Village. Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the state of Louisiana, the laws of any other state in the union, or the laws of the United States of America. The Village may invest in certificates and time deposits of state banks organized under Louisiana laws and national banks having principal offices in Louisiana.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at fair value.

For purposes of the proprietary funds statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and franchise taxes. Business-type activities report customer utility service receivables as the major receivable. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts at the time of information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for customer utility receivables at July 31, 2022 for the Gas and Water Fund was \$12,469 and \$18,703, respectively. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing at the end of the month, are recorded at year-end.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Restricted Assets

Restricted assets include cash and interest-bearing deposits and investments of the proprietary funds that are legally restricted as to their use. The restricted assets in the gas and water utility funds are related to the utility meter deposits and revenue bond accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at acquisition value at the date of donation. The Village maintains a threshold level of \$500 or more for capitalizing capital assets.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Utility plant and equipment	5 - 50 years
Buildings and improvements	25- 40 years
Furniture, fixtures, equipment and vehicles	3 - 25 years
Infrastructure	25 years
Land improvements	25 years

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

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of revenue bonds payable and utility meter deposits payable.

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

Compensated Absences

Employees of the Village earn annual leave of five working days per year and may accumulate a maximum of five days of annual leave, which is paid at termination. Any liability the Village may have for accumulated annual leave is considered immaterial; therefore, there is no liability recorded in these financial statements.

Sick leave is earned at the rate of 5/6 day for each month worked. There is no maximum amount of sick leave which may be accumulated; however, no sick leave is paid to employees at termination.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Village had no deferred outflows of resources at July 31, 2022.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Village had no deferred inflows of resources at July 31, 2022.

Equity Classifications

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

- a. Net investment in capital assets consists of capital assets 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 external groups, such as creditors, grantors, and contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the Village's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred. At July 31, 2022, the Village reported \$147,666 of restricted net position, none of which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

E. Revenues, Expenditures, and Expenses

Revenues

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

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

There are three classifications of programmatic revenues for the Village, program specific grant and contributions revenue (operating and capital) and charges for services. Grant revenues are revenues from federal, state, and private grants. These revenues are recognized when all applicable eligibility requirements are met and are reported as intergovernmental revenues. Charges for services are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry as a whole. Program revenues reduce the cost of the function to be financed from the Village's general revenues. The primary sources of program revenue are fees, fines, and charges paid by recipients of goods or services, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and earned income in connection with the operation of the Village's utility system.

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

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

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

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Water revenue	Debt service and utility operations

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in October and are billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Landry Parish. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended July 31, 2022, taxes of 5.82 mills were levied on property with assessed valuations totaling \$875,560 with a total taxes being levied of \$5,096. Ad valorem taxes are dedicated to general corporate purposes.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in direct obligations of the United States government, bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies and/or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At July 31, 2022, the Village had cash and interest-bearing deposits (book balances) totaling \$175,044 as follows:

Demand deposits	\$ 74,637
Certificates of deposit	<u>100,407</u>
Total	<u>\$ 175,044</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates fair value. Under state law, deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) of \$228,695 at July 31, 2022 were fully secured by Federal deposit insurance and therefore not exposed to custodial credit risk.

(4) Investments

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

Accounting standards require disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with accounting standards. The following facts are relevant for investment pools:

- Credit risk: LAMP has a fund rating of AAAM issued by Standard & Poor's.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

The investment in LAMP totaling \$145,155 is stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

(5) Receivables

Receivables consisted of the following at July 31, 2022:

	Governmental Activities	Business type Activities	Total
Accounts	\$ -	\$ 64,005	\$ 64,005
Unbilled utility	-	16,637	16,637
Allowance for uncollectible accounts	-	(31,172)	(31,172)
Franchise tax	1,080	-	1,080
Totals	<u>\$ 1,080</u>	<u>\$ 49,470</u>	<u>\$ 50,550</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Restricted Assets

Restricted assets in the Enterprise Utility Funds consisted of the following at July 31, 2022:

	Gas Utility Fund	Water Utility Fund	Total
Customer deposits	\$ 24,253	\$ 39,824	\$ 64,077
Revenue bond reserve fund	-	49,491	49,491
Depreciation and contingencies fund	-	84,270	84,270
Bond and interest amortization fund	-	16,564	16,564
	<u>\$ 24,253</u>	<u>\$ 190,149</u>	<u>\$ 214,402</u>

(7) Capital Assets

Capital asset activity for the year ended July 31, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,250	\$ -	\$ -	\$ 5,250
Capital assets being depreciated:				
Land improvements	232,960	-	-	232,960
Buildings and improvements	412,353	-	-	412,353
Equipment	355,064	1,929	-	356,993
Infrastructure	417,039	-	-	417,039
Total capital assets being depreciated	<u>1,417,416</u>	<u>1,929</u>	<u>-</u>	<u>1,419,345</u>
Less accumulated depreciation				
Land improvements	184,160	9,774	-	193,934
Buildings and improvements	304,159	10,400	-	314,559
Equipment	224,246	26,996	-	251,242
Infrastructure	242,861	17,376	-	260,237
Total accumulated depreciation	<u>955,426</u>	<u>64,546</u>	<u>-</u>	<u>1,019,972</u>
Total net capital assets				
being depreciated	<u>461,990</u>	<u>(62,617)</u>	<u>-</u>	<u>399,373</u>
Governmental activities, net capital assets	<u>\$ 467,240</u>	<u>\$ (62,617)</u>	<u>\$ -</u>	<u>\$ 404,623</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 22,970
Public safety	3,237
Highways and streets	<u>38,339</u>
Total depreciation expense	<u>\$ 64,546</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Beginning Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and construction in progress	\$ 32,069	\$ -	\$ -	\$ 32,069
Capital assets being depreciated:				
Utility plant and equipment	3,908,610	-	-	3,908,610
Furniture, fixtures, and equipment	60,228	-	-	60,228
Vehicles	55,780	-	-	55,780
Buildings	<u>179,689</u>	-	-	<u>179,689</u>
Total capital assets being depreciated	<u>4,204,307</u>	-	-	<u>4,204,307</u>
Less accumulated depreciation				
Utility plant and equipment	2,199,922	76,174	-	2,276,096
Furniture, fixtures, and equipment	60,226	-	-	60,226
Vehicles	45,304	5,714	-	51,018
Buildings	<u>169,526</u>	<u>2,257</u>	-	<u>171,783</u>
Total accumulated depreciation	<u>2,474,978</u>	<u>84,145</u>	-	<u>2,559,123</u>
Total net capital assets being depreciated	<u>1,729,329</u>	<u>(84,145)</u>	-	<u>1,645,184</u>
Business-type activities, net capital assets	<u>\$ 1,761,398</u>	<u>\$ (84,145)</u>	<u>\$ -</u>	<u>\$ 1,677,253</u>

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

Gas	\$ 13,073
Water	<u>71,072</u>
Total depreciation expense	<u>\$ 84,145</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Accounts and Other Payables

Accounts and other payables consisted of the following at July 31, 2022:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts payable	\$ -	\$ 16,845	\$ 16,845
Salaries payable	159	1,453	1,612
Payroll taxes payable	38	-	38
Other payables	<u>128</u>	<u>97</u>	<u>225</u>
Totals	<u>\$ 325</u>	<u>\$ 18,395</u>	<u>\$ 18,720</u>

(9) Changes in Long-Term Liabilities

The following is a summary of long-term liability transactions of the Village for the year ended July 31, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount due in one year</u>
Long-term debt:					
Direct placements:					
Revenue bonds	\$ 362,433	\$ -	\$ (20,677)	\$ 341,756	\$ 11,180
Other long-term liabilities:					
Capital leases	<u>15,372</u>	<u>-</u>	<u>(8,198)</u>	<u>7,174</u>	<u>2,491</u>
	<u>\$ 377,805</u>	<u>\$ -</u>	<u>\$ (28,875)</u>	<u>\$ 348,930</u>	<u>\$ 13,671</u>

Bonds payable at July 31, 2022 are comprised of the following individual issues:

	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>	<u>Amount Due In One Year</u>
Business-type activities:					
Waterworks Revenue					
Bonds -					
	2/10/1993	1/1/2033	5.625%	\$ 49,502	\$ 3,372
	4/21/2005	4/1/2045	4.250%	<u>292,254</u>	<u>7,808</u>
Total business-type activities debt				<u>\$ 341,756</u>	<u>\$ 11,180</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

Annual debt service requirements of bonds outstanding are as follows:

Year Ending July 31	Business-type Activities Revenue Bonds		
	Principal	Interest	Total
2023	\$ 11,180	\$ 15,054	\$ 26,234
2024	11,708	14,226	25,934
2025	12,262	13,973	26,235
2026	12,842	13,393	26,235
2027	13,450	12,785	26,235
2028 - 2032	77,140	53,733	130,873
2033 - 2037	70,901	35,644	106,545
2038 - 2042	80,449	15,741	96,190
2043 - 2045	51,824	3,130	54,954
	<u>\$ 341,756</u>	<u>\$ 177,679</u>	<u>\$ 519,435</u>

Capital leases payable at July 31, 2022 consists of the following:

	Original Amount	Maturity Date	Interest Rates	Balance Outstanding
Equipment	\$ 10,324	4/20/2024	4.550%	\$ 7,174

Annual debt service requirements to maturity for capital leases are as follows:

Year Ending July 31	Governmental Activities
2023	\$ 2,766
2024	4,768
Less: Amount representing interest	<u>(360)</u>
Present value of future minimum lease payments	<u>\$ 7,174</u>

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

Leased equipment under capital lease is included in capital assets at July 31, 2022 as follows:

Equipment	\$ 10,324
Less: Accumulated depreciation	<u>(2,581)</u>
Net	<u>\$ 7,743</u>

Depreciation on equipment under capital lease in the amount of \$2,065 for the year ended July 31, 2022 is included in depreciation expense.

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

Under the terms of various bond indentures on outstanding Waterworks Revenue Bonds, all income and revenues earned from the operation of the waterworks system are pledged and dedicated to the retirement of said bonds and are to be deposited in funds as follows:

All revenue must be deposited into a System Fund to be first used for the payment of all reasonable and necessary expenses of operating and maintaining the system.

An Amortization Fund (Bond and Interest Sinking Fund) shall be established and maintained by transferring monthly from the System Fund a sum whereby there will accumulate an amount sufficient to pay all interest and principal as it becomes due.

A Reserve Fund shall be established and maintained by transferring each month from the System Fund \$160 until the improvements financed with the 2005 Bonds are accepted and thereafter 5% of the amount paid to the Amortization Fund, until such time as there has been accumulated a sum equal to the highest combined principal and interest falling due in any year on all bonds payable from the sinking fund. These funds shall be retained solely for the purpose of paying the principal and interest on the bonds should the Amortization Fund be in default.

A Depreciation and Contingencies Fund shall be established and maintained by transferring \$210 each month from the System Fund until the improvements financed with the 2005 Bonds are accepted and thereafter 5% of the monthly sum deposited into the Sinking fund until the amount in the Reserve Fund equals the reserve fund requirement. Thereafter, a sum equal to 5% of the sum deposited into the Sinking Fund for the 1976, 1982 and 1993 Bonds and 10% of the sum deposited in the Sinking Fund for the 2005 Bonds. The money shall be used to care for depreciation, extensions, additions, improvements and replacements necessary to operate the system properly. Money in this fund shall also be used for the payment of principal and interest on bonds. If there is not sufficient money available, then the funds shall be replaced as soon as possible out of system earnings after all required payments are made.

For the year ended July 31, 2022, all transfers were made as required.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Compensation of Village Officials

A detail of compensation paid to individual elected officials for the year ended July 31, 2022 is as follows:

Joseph Irving, Jr.	\$ 6,192
Aldermen:	
Guyton Budden	2,296
Lynn Coulon	2,296
Judy Dupre	<u>2,296</u>
Total	<u>\$ 13,080</u>

(12) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments made to Mayor Joseph Irving, Jr. for the year ended July 31, 2022 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,192
Reimbursements	<u>137</u>
Total	<u>\$ 6,329</u>

(13) Related Party Transactions

During the normal course of operations, the Village conducts business with a local general store owned by Guyton Budden, a member of the Board of Aldermen. The amount purchased by the Village for the year ended July 31, 2022 totaled \$1,498. It is the opinion of management that such transactions were on substantially the same terms as those prevailing at the time of comparable transactions with other persons and did not present any unfavorable features to the Village.

(14) Litigation and Claims

There was no pending litigation against the Village at July 31, 2022.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Risk Management

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

(16) Interfund Balances

Interfund receivables and payables, by fund, at July 31, 2022 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental fund:		
General Fund	\$ 27,456	\$ 369
Proprietary funds:		
Water	16,560	7,534
Gas	-	36,113
Total proprietary funds	<u>16,560</u>	<u>43,647</u>
Total	<u>\$ 44,016</u>	<u>\$ 44,016</u>

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF PALMETTO, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended July 31, 2022

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 15,800	\$ 15,890	\$ 15,598	\$ (292)
Licenses and permits	14,002	14,002	18,102	4,100
Intergovernmental	400	29,938	14,093	(15,845)
Charges for services	37,700	38,700	43,119	4,419
Fines and forfeits	6,000	12,500	13,148	648
Miscellaneous	<u>21,500</u>	<u>24,500</u>	<u>28,765</u>	<u>4,265</u>
Total revenues	<u>95,402</u>	<u>135,530</u>	<u>132,825</u>	<u>(2,705)</u>
Expenditures:				
Current -				
General government:	56,782	50,221	41,572	8,649
Public safety	46,549	45,450	24,967	20,483
Highways and streets	12,821	13,400	23,414	(10,014)
Debt service	11,332	2,766	2,997	(231)
Capital outlay	<u>10,200</u>	<u>12,200</u>	<u>12,129</u>	<u>71</u>
Total expenditures	<u>137,684</u>	<u>124,037</u>	<u>105,079</u>	<u>18,958</u>
Excess (deficiency) of revenues over expenditures	(42,282)	11,493	27,746	16,253
Other financing sources:				
Transfers in	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(2,282)	11,493	27,746	16,253
Fund balance, beginning	<u>20,680</u>	<u>20,680</u>	<u>20,680</u>	<u>-</u>
Fund balance, ending	<u>\$ 18,398</u>	<u>\$ 32,173</u>	<u>\$ 48,426</u>	<u>\$ 16,253</u>

The accompanying notes are an integral part of this schedule.

VILLAGE OF PALMETTO, LOUISIANA

Notes to Required Supplementary Information

(1) Budget and Budgetary Accounting

The Village follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Village Clerk prepares a proposed operating budget for the General Fund for the fiscal year and submits it to the Mayor and Board of Aldermen prior to the beginning of the fiscal year.
2. The proposed budget is discussed and adopted at the public meeting when presented.
3. The General Fund budget is adopted on a basis consistent with generally accepted accounting principles (GAAP).
4. Any amendment to the adopted budget must be approved by the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year. Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material to the original appropriations.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF PALMETTO, LOUISIANA
General Fund

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

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Taxes:				
Ad valorem	\$ 6,000	\$ 5,100	\$ 5,066	\$ (34)
Franchise	9,000	10,000	9,742	(258)
Other	800	790	790	-
Total taxes	<u>15,800</u>	<u>15,890</u>	<u>15,598</u>	<u>(292)</u>
Licenses and permits	<u>14,002</u>	<u>14,002</u>	<u>18,102</u>	<u>4,100</u>
Intergovernmental:				
Federal grants	-	29,588	13,782	(15,806)
Beer tax	400	350	311	(39)
Total intergovernmental	<u>400</u>	<u>29,938</u>	<u>14,093</u>	<u>(15,845)</u>
Charges for services:				
Grass cutting	24,000	25,000	24,919	(81)
Rental income	13,700	13,700	18,200	4,500
Total charges for services	<u>37,700</u>	<u>38,700</u>	<u>43,119</u>	<u>4,419</u>
Fines and forfeits	<u>6,000</u>	<u>12,500</u>	<u>13,148</u>	<u>648</u>
Miscellaneous:				
Racino revenue	21,000	22,500	27,001	4,501
Other	500	2,000	1,764	(236)
Total miscellaneous	<u>21,500</u>	<u>24,500</u>	<u>28,765</u>	<u>4,265</u>
Total revenues	<u>\$ 95,402</u>	<u>\$ 135,530</u>	<u>\$ 132,825</u>	<u>\$ (2,705)</u>

VILLAGE OF PALMETTO, LOUISIANA
General Fund

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

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Current:				
General government -				
Mayor's salary	\$ 325	\$ 1,000	\$ 879	\$ 121
Clerk's salary	25,000	24,500	19,996	4,504
Payroll taxes	1,950	1,951	1,597	354
Bank service charges	120	120	120	-
Advertising	200	200	183	17
Travel and meetings	100	300	283	17
Tax roll preparation	1,600	1,600	1,366	234
Insurance	6,000	4,800	5,010	(210)
Town hall expense	1,500	1,900	1,663	237
Municipal dues	655	250	165	85
Professional fees	7,650	5,000	3,461	1,539
Office supplies	2,300	2,750	2,876	(126)
Computer repair and maintenance	1,200	1,200	888	312
Repairs and maintenance	6,000	2,500	1,825	675
Miscellaneous	2,182	2,150	1,260	890
Total general government	<u>56,782</u>	<u>50,221</u>	<u>41,572</u>	<u>8,649</u>
Public safety -				
Police:				
Salaries	24,185	24,400	21,020	3,380
Payroll taxes	1,700	1,900	1,608	292
Insurance	1,500	1,500	1,506	(6)
Uniforms	200	200	-	200
Supplies and auto	18,664	17,150	713	16,437
Miscellaneous	300	300	120,000	180
Total public safety	<u>46,549</u>	<u>45,450</u>	<u>24,967</u>	<u>20,483</u>
Highways and streets -				
Salaries - street	-	-	11,877	(11,877)
Payroll taxes - street	1,321	1,200	885	315
Street supplies	2,000	1,300	511	789
Insurance	4,500	6,000	6,093	(93)
Auto and tractor	2,000	2,700	2,382	318
Fuel	3,000	2,200	1,666	534
Total highways and streets	<u>12,821</u>	<u>13,400</u>	<u>23,414</u>	<u>(10,014)</u>
Debt service:				
Retirement of principal	9,296	2,381	2,584	(203)
Interest and fiscal charges	2,036	385	413	(28)
Total debt service	<u>11,332</u>	<u>2,766</u>	<u>2,997</u>	<u>(231)</u>
Capital outlay	<u>10,200</u>	<u>12,200</u>	<u>12,129</u>	<u>71</u>
Total expenditures	<u>\$ 137,684</u>	<u>\$ 124,037</u>	<u>\$ 105,079</u>	<u>\$ 18,958</u>

VILLAGE OF PALMETTO, LOUISIANA

Comparative Balance Sheets
Water Utility Fund
July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 31,277	\$ 53,677
Receivables -		
Accounts, net	21,683	27,198
Due from other funds	<u>16,560</u>	<u>4,068</u>
Total current assets	<u>69,520</u>	<u>84,943</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	74,600	72,274
Investments	115,549	100,279
Capital assets, net	<u>1,549,098</u>	<u>1,620,169</u>
Total noncurrent assets	<u>1,739,247</u>	<u>1,792,722</u>
Total assets	<u>\$ 1,808,767</u>	<u>\$ 1,877,665</u>
LIABILITIES AND NET POSITION		
Current liabilities (payable from current assets):		
Accounts payable and other payables	\$ 634	\$ 634
Due to other funds	7,534	6,266
Capital lease payable	<u>-</u>	<u>2,909</u>
Total	<u>8,168</u>	<u>9,809</u>
Current liabilities (payable from restricted assets):		
Customer deposits	39,824	37,498
Revenue bonds payable	11,180	20,677
Accrued interest payable	<u>2,659</u>	<u>3,083</u>
Total	<u>53,663</u>	<u>61,258</u>
Total current liabilities	61,831	71,067
Noncurrent liabilities:		
Revenue bonds payable	<u>330,576</u>	<u>341,756</u>
Total liabilities	<u>392,407</u>	<u>412,823</u>
Net position:		
Net investment in capital assets	1,207,342	1,275,504
Restricted for debt service	147,666	111,295
Unrestricted	<u>61,352</u>	<u>78,043</u>
Total net position	<u>1,416,360</u>	<u>1,464,842</u>
Total liabilities and net position	<u>\$ 1,808,767</u>	<u>\$ 1,877,665</u>

VILLAGE OF PALMETTO, LOUISIANA

Comparative Statements of Revenues, Expenses, and Changes in Fund Net Position
 Water Utility Fund
 For the Years Ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ 258,480	\$ 275,762
Miscellaneous	<u>60,790</u>	<u>28,052</u>
Total operating revenues	<u>319,270</u>	<u>303,814</u>
Operating expenses:		
Salaries and related benefits	109,032	70,496
Operations and maintenance	103,444	57,575
Auto expenses	7,563	3,900
Office supplies and expenses	6,866	7,045
Computer costs	1,078	963
Telephone and utilities	20,293	20,094
Insurance	21,068	17,754
Professional fees	23,139	8,107
Depreciation	71,072	72,978
Bad debt (recovery)	2,443	6,344
Other	<u>4,643</u>	<u>4,630</u>
Total operating expenses	<u>370,641</u>	<u>269,886</u>
Operating income (loss)	<u>(51,371)</u>	<u>33,928</u>
Nonoperating revenues (expenses):		
Interest income	396	88
Interest expense	<u>(15,804)</u>	<u>(16,828)</u>
Total nonoperating revenues (expenses)	<u>(15,408)</u>	<u>(16,740)</u>
Income (loss) before contributions and transfers	(66,779)	17,188
Capital contributions	<u>18,297</u>	<u>1,153</u>
Income (loss) before transfers	(48,482)	18,341
Transfers out	<u>-</u>	<u>(7,480)</u>
Change in net position	(48,482)	10,861
Net position, beginning	<u>1,464,842</u>	<u>1,453,981</u>
Net position, ending	<u>\$1,416,360</u>	<u>\$1,464,842</u>

VILLAGE OF PALMETTO, LOUISIANA
Palmetto, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session

Entity Name: Village of Palmetto, Louisiana
LLA Entity ID#: 2422
Date that reporting period ended: 7/30/2022

	First Six Month Period Ended <u>1/31/2022</u>	Second Six Month Period Ended <u>7/31/2022</u>
Cash Basis Presentation		
Beginning balance of amounts collected	\$ -	\$ -
Add: Collections		
Criminal fines - other	<u>4,465</u>	<u>8,683</u>
Subtotal Collections	<u>4,465</u>	<u>8,683</u>
Less Disbursements to Governments & Nonprofits		
Less Amounts Retained by Collecting Agency		
Amount "self-disbursed" to collecting agency		
Criminal fines/costs - other	<u>4,465</u>	<u>8,683</u>
Less Disbursements to Individuals/3rd party collection or processing agencies:		
Subtotal Disbursements/Retainage	<u>4,465</u>	<u>8,683</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>
Ending balance of "partial payments" collected but not disbursed	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF PALMETTO, LOUISIANA
Enterprise Fund
Water Utility Fund

Schedule of Number of Utility Customers and Water Rates
(Unaudited)
July 31, 2022

Records maintained by the Village of Palmetto, Louisiana indicated the following number of customers were being serviced during the month of July 2022:

	<u>Water</u>
Residential	665
Commercial	<u>43</u>
Total	<u><u>708</u></u>

The residential and commercial water rates for of the Village are as follows:

Water:

\$18.00 per month for the first 2,000 gallons, then
\$ 4.50 per 1,000 gallons or part thereof over 2,000 gallons

Penalty for paying water bill after due date:
Additional ten percent (10%) of total water charge

VILLAGE OF PALMETTO, LOUISIANA
Enterprise Fund
Water Utility Fund

Schedule of Aged Accounts Receivable
(Unaudited)
July 31, 2022

The aging of accounts receivable is as follows:

	<u>Water</u>
Current	\$21,897
31 - 60 days	4,419
Over 60 days	<u>5,524</u>
Total	<u>\$31,840</u>

CITY COURT OF EUNICE
Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
Cash Basis Presentation
For the Year Ended June 30, 2022

	First Six Month Period Ended 12/31/21	Second Six Month Period Ended 06/30/22
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 129,507	\$ 145,335
Add: Collections		
Civil Fees (<i>including refundable amounts such as garnishments or advance deposits</i>)	56,165	61,871
Bond Fees	2,100	4,318
Criminal Court Costs/Fees	140,903	141,726
Restitution	3,631	3,560
Probation/Parole/Supervision Fees	51,799	50,091
Subtotal Collections	254,598	261,566
Less: Disbursements To Governments & Nonprofits:		
<u>Criminal Fines - Other</u>		
St. Landry Parish Crime Lab	12,285	10,947
St. Landry Parish District Attorney	2,788	2,265
City of Eunice Fines	7,008	3,185
Indigent Defender Fund	9,144	8,176
Louisiana Commission on Law Enforcement	414	318
Eunice City Marshal	20,267	16,190
St. Landry Parish Council	4,583	1,240
LCLE Victim Fund	808	892
City of Eunice Witness Fees	1,471	1,284
Department of Public Safety	213	374
Eunice City Police	119	279
State of Louisiana-CMIS	1,076	980
LDHH-THSCI Trust Fund	137	275
Families in Need Services	2,800	2,000
St. Landry Crime Stoppers	696	645
<u>Civil Fees</u>		
St. Landry Parish Clerk of Court	9,535	6,542
Service and Mileage	5,550	4,073
Eunice City Marshal	4,369	6,639
Less: Amounts Retained by Collecting Agency		
Self-Disbursed Eunice City Court, Criminal Court Fees	57,640	105,913
Self-Disbursed Eunice City Court, Civil Fees	36,711	44,617

**INTERNAL CONTROL,
COMPLIANCE, AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

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

The Honorable Joseph Irving, Jr., Mayor
and Members of the Board of Aldermen
Village of Palmetto, 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 *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 Palmetto, Louisiana, as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the Village of Palmetto, Louisiana's basic financial statements and have issued our report thereon dated January 24, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2022-001, 2022-002, and 2022-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Palmetto, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2022-004.

Village of Palmetto, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Palmetto, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village of Palmetto, 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 entity'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 as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
January 24, 2023

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended July 31, 2022

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

A. Internal Control over Financial Reporting –

2022-001 Inadequate Segregation of Duties

Fiscal year finding initially occurred: Unknown

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

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

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

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

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

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.

2022-002 Cutoff Policy

Fiscal year finding initially occurred: 2017

CONDITION: During a test of utility accounts of the Village's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including employees and village officials, continue to receive service in violation of the Village's cutoff policy.

CRITERIA: The Village's cutoff policy states that a utility customer will be cut off on or after the 20th of each month when a delinquent balance remains.

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended July 31, 2022

CAUSE: The Village has not properly followed its written policies and procedures regarding past due accounts and the proper cut-off procedures to disconnect services relating to nonpayment by customers.

EFFECT: Failure to follow written policies and procedures increases the risk of not having continuity of operations and the risk of long outstanding collections of utilities.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut off utility services of customers, including employees and village officials, who do not pay within the time limit stated in the cutoff policy.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will adhere to the established cutoff policy in the future.

2022-003 Maintenance of Personnel Files

Fiscal year finding initially occurred: 2018

CONDITION: The Village does not have proper controls over the maintenance of personnel files or the processing of payroll. Documentation of approved pay rates is not maintained in personnel files. In many instances, documentation for approved deductions and W-4 is not maintained in personnel files.

CRITERIA: AU-C§325.05, *Communicating Internal Control Related Matters Identified in an Audit*, states, in part:

“A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A deficiency in design exists when:

- A control necessary to meet the control objectives is missing, or
- An existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met.

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Errors or irregularities could be made in the recording of payroll transactions without being detected in a timely manner.

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended July 31, 2022

RECOMMENDATION: It is recommended that the Village establish policies and procedures to ensure that personnel files are complete and contain all required documentation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will establish policies and procedures to ensure that personnel files are complete and contain all required documentation.

B. Compliance –

2022-004 Failure to Publish Minutes

Fiscal year finding initially occurred: 2019

CONDITION: The Village did not publish the minutes of its public meetings during the year.

CRITERIA: LA R.S. 42:20 states that all public bodies shall keep written minutes of all open meetings. It further states that the minutes shall be public records and shall be available within a reasonable period of time after the meeting and published in the public body's official journal. LA R.S. 43:144 requires the official proceedings to be published within 20 days from the date of the meeting.

CAUSE: The Village did not publish minutes of meeting in the official journal as required.

EFFECT: Members of the public were not provided information regarding the Village's activities in a timely manner.

RECOMMENDATION: The Village should comply with the provisions of LA R.S. 42:20 and 43:144 and publish all minutes in accordance with state law.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village will implement policies to ensure that minutes of all open meetings will be made available as public record and published in the official journal.

C. Management Letter –

A management letter was issued related to operating losses in the Gas Utility Fund and the gas loss which occurred in the Gas Utility Fund.

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended July 31, 2022

Part II. Prior Year Findings:

A. Internal Control over Financial Reporting

2021-001 Inadequate Segregation of Duties

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

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

CURRENT STATUS: Unresolved. See item 2022-001.

2021-002 Cut-off Policy

CONDITION: The Village did not adhere to its cutoff policy for delinquent utility customers including employees and public officials.

RECOMMENDATION: It is recommended that the Village implement procedures to ensure that the cutoff policy is followed and that aggressive collection attempts be made to collect all past due accounts.

CURRENT STATUS: Unresolved. See item 2022-002.

2021-003 Personnel Files

CONDITION: The Village did not have proper controls over the maintenance of personnel files or the processing of payroll.

RECOMMENDATION: It is recommended that the Village establish policies and procedures to ensure that personnel files are complete and contain all required documentation. Procedures should also be implemented to ensure that timecards are properly approved, and employees are paid for actual time worked.

CURRENT STATUS: Partially resolved. See item 2022-003.

VILLAGE OF PALMETTO, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended July 31, 2022

B. Compliance –

2021-004 Failure to Publish Minutes

CONDITION: The Village did not publish the minutes of its public meetings during the year.

RECOMMENDATION: The Village should comply with the provisions of LA R.S. 42:20 and 43:144 and publish all minutes in accordance with state law.

CURRENT STATUS: Unresolved. See item 2022-004.

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA
Deidre L. Stock, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

MANAGEMENT LETTER

The Honorable Joseph Irving, Jr., Mayor
and Members of the Board of Aldermen
Village of Palmetto, Louisiana

We have completed our audit of the basic financial statements of the Village of Palmetto, Louisiana for the year ended July 31, 2022, and submit the following recommendations for your consideration:

- (1) A continuing significant gas loss occurred in the Gas Utility Fund. Despite efforts to locate and repair gas leaks, this loss has increased from prior years. The Village should investigate possible reasons for the significant gas loss and continue efforts to reduce the loss.
- (2) The Gas and Water Utility Funds experienced operating losses of \$45,084 and \$51,371, respectively, during the current year. The Village should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff, for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendations, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
January 24, 2023

VILLAGE OF PALMETTO, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended July 31, 2022

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD*
Gerald A. Thibodeaux, Jr., CPA*
Robert S. Carter, CPA*
Arthur R. Mixon, CPA*
Stephen J. Anderson, CPA*
Matthew E. Margaglio, CPA*
Casey L. Ardoin, CPA, CFE*
Wanda F. Arcement, CPA
Bryan K. Joubert, CPA
Nicholas Fowlkes, CPA

C. Burton Kolder, CPA*
Of Counsel

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.
Lafayette, LA 70508 Baton Rouge, LA 70816
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.
Alexandria, LA 71301 New Iberia, LA 70560
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.
Abbeville, LA 70510 Morgan City, LA 70380
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.
Ville Platte, LA 70586 Oberlin, LA 70655
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Joseph Irving, Jr., Mayor
and the Members of the Board of Alderman
Village of Palmetto, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period August 1, 2021 through July 31, 2022. Village of Palmetto, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Village of Palmetto, Louisiana 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 August 1, 2021 through July 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Written policies and procedures were obtained; however, they do not address monitoring the budget.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do not address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving.
Written policies and procedures were obtained; however, they do not address reviewing and approving of disbursements.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Written policies and procedures were obtained; however, they do not address payroll processing and the approval process for employee rate of pay or approval and maintenance of pay rate schedule.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
Written policies and procedures were obtained and do not address the functions noted above.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
Written policies and procedures were obtained and address the functions noted above.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
Written policies and procedures were obtained and address the functions noted above.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
Written policies and procedures were obtained and address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Written policies and procedures were obtained and do not address the functions noted above.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
Written policies and procedures were obtained and do not address the functions noted above.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
Written policies and procedures were obtained and do not address the functions noted above.

Board or Finance Committee

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

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

Obtained and reviewed minutes of the council meetings for the fiscal period noting that the council met on a frequency in accordance with the entity's organizational documents.

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

Obtained and reviewed the council minutes for the fiscal period noting that the minutes included monthly budget-to-actual comparisons on the general fund.

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

Obtained and reviewed the prior year audit report noting a positive ending unassigned fund balance in the general fund.

Bank Reconciliations

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

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

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

Obtained and reviewed bank reconciliations noting that they were prepared within 2 months of the related statement closing date.

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

Obtained and reviewed bank reconciliations noting that they include evidence of review by a member management who does not handle cash, post ledgers, or issue checks.

- c) 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.

No items outstanding for more than 12 months from the statement date noted.

Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period and management's representation that the listing is complete.

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

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

Observed that employees responsible for cash collections do not share the same cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Observed that employees responsible for collecting cash are also responsible for preparing/making bank deposits; however, another employee is responsible for reconciling collection documentation to the deposit.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Observed that employees responsible for collecting cash are not responsible for posting cash collection entries to the general ledger.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Observed that employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.

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

Obtained and reviewed a copy of the bond or insurance policy for theft covering all employees who have access to cash noting no exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Observed that receipts are sequentially pre-numbered.

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

Traced sequentially pre-numbered receipts to the deposit slip noting no exceptions.

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

Traced the deposit slip total to the actual deposit per the bank statement noting no exceptions.

- d) Observe 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).

Observed deposits selected for testing noting no exceptions.

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

Traced the actual deposit per the bank statement to the general ledger noting no exceptions.

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

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

Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete.

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

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

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

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

Observed that at least two employees are involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Observed that the employee responsible for processing payments is not prohibited from adding/modifying vendor files; however, another employee is responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Observed that the employee responsible for signing checks gives the signed checks to an employee to mail who is not responsible for processing payments.

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

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

Observed that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables were received by the entity.

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

No exceptions noted.

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

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

Per discussion with management, it was noted that the entity did not have any credit cards/debit cards/fuel cards/p-cards for the fiscal period; therefore, the following procedures are deemed not applicable.

12. 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:

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

Per discussion with management, it was noted that the entity did not have any travel and travel-related expense reimbursements during the fiscal period; therefore, the following procedures are deemed not applicable.

- a) If reimbursed using a per diem, observe 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).
- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

Per discussion with management, it was noted that the entity did not have any contracts that were initiated or renewed during the fiscal period; therefore, the following procedures are deemed not applicable.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly 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 the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Obtained related paid salaries and personnel files and agreed to authorized salaries/pay rates in the personnel files noting no exceptions.

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

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Observed selected employees or officials documented daily attendance noting no exceptions.

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

Observed that supervisors did not approve the attendance and leave records.

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

Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records noting no exceptions.

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

Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file noting no exceptions.

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

Per discussion with management, the entity did not have any employees or officials that received termination payments during the fiscal period.

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

Obtained management's representation that employer and employee portions of third-party related amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

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

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

For the five randomly selected employees, there was no documentation available that demonstrates each employee/official completed one hour of ethics training during the fiscal period.

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

There were no changes to the entity's ethics policy during the fiscal period.

Debt Service

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

Per discussion with management and review of the official minutes, there were no bonds/notes or other debt instruments issued during the fiscal period.

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

No exceptions noted.

Fraud Notice

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

Per discussion with management, there were no misappropriations of public funds and assets during the fiscal period.

24. Observe 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.

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

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

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

Obtained and inspected the entity's most recent documentation that it has backed up its critical data and observed that a backup occurred within the past week noting no exceptions.

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

Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored noting no exceptions. Observed that the test/verification has been successfully performed within the past 3 months noting no exceptions.

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

Obtained a listing of the entity's computers currently in use and their related locations and management's representation that the listing is complete. No exceptions noted regarding the procedures above.

Sexual Harassment

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

The five randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above did not have documentation available to demonstrate completion at least one hour of sexual harassment training during the calendar year.

27. Observe 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).

Observed that the entity does not have its sexual harassment policy and complaint procedure posted on its premises.

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

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

The annual report was not prepared.

Management's Response

Management of the Village of Palmetto, Louisiana concurs with the exceptions and are working to address the deficiencies identified.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
January 24, 2023