

Village of Saline
Saline, Louisiana

Financial Statements
For the Year Ended June 30, 2023

Village of Saline
Financial Statements
For the Year Ended June 30, 2023

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Wade & Perry, CPAs
A Professional Accounting Corporation
Members: AICPA/ Society of LCPA's

Independent Auditor's Report

Board of Commissioners
Village of Saline
Saline, LA

Opinion

We have audited the accompanying financial statements of the governmental activities of Village of Saline (Village) as of June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements 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 of the Village as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 12 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 GAAS 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 GAAS 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

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

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page xx 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedule of compensation, benefits, and other payment to agency head on page xx and the judicial system funding schedule on page xx 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2024, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on 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.



Ruston, Louisiana
March 22, 2024

Village of Saline, Louisiana
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and cash investments	\$141,268	\$179,016	\$320,284
Receivables	8,404	11,096	19,500
Grants receivable			0
Interfunds	23,799	(23,799)	0
Restricted cash		2,100	2,100
Capital assets (net)	9,483	1,739,552	1,749,035
TOTAL ASSETS	\$182,954	\$1,907,965	\$2,090,919
Deferred outflows of resources	0	0	0
LIABILITIES			
Accounts, salaries, and other payables	(\$297)	\$3,414	\$3,117
Grants payable			0
Noncurrent liabilities		2,100	2,100
TOTAL LIABILITIES	(297)	5,514	5,217
Deferred inflows of resources		0	0
NET POSITION			
Invested in capital assets, net of related debt	9,483	1,739,552	1,749,035
Unrestricted	173,768	162,899	336,667
TOTAL NET POSITION	\$183,251	\$1,902,451	\$2,085,702

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
Statement of Activities
Year Ended June 30, 2023

	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$63,328				(\$63,328)		(\$63,328)
Public safety	13,819	\$23,660			9,841		9,841
Total governmental activities	77,147	23,660	0	0	(53,487)	0	(53,487)
Business-type activities							
Water utilities	168,464	103,096	\$51,308	\$218,945		\$204,885	204,885
Total business-type activities	168,464	103,096	51,308	218,945	0	204,885	204,885
Total primary government	\$245,611	\$126,756	\$51,308	\$218,945	(\$53,487)	\$204,885	\$151,398
General revenues:							
Ad valorem taxes					\$6,646		\$6,646
Sales taxes					42,951		42,951
Transfers In/Out					461	(461)	0
Investment earnings					1		1
Franchise fees					8,814		8,814
Other revenues					19,490		19,490
Total general revenues and transfers					78,363	(461)	77,902
Change in Net Position					24,876	204,424	229,300
Net Position - beginning					158,375	1,698,027	1,856,402
Net Position - ending					\$183,251	\$1,902,451	\$2,085,702

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
 Balance Sheet, Governmental Funds
 June 30, 2023

	ASSETS	<u>General Fund</u>
Cash and equivalents		\$141,268
Receivables		8,404
Due from other funds		<u>23,799</u>
TOTAL ASSETS		<u>\$173,471</u>
	LIABILITIES AND FUND BALANCES	
Liabilities:		
Accounts, salaries, and other payables		(\$297)
Deferred inflows		
Total liabilities and deferred inflows		<u>(297)</u>
Fund balance - unassigned		<u>173,768</u>
TOTAL LIABILITIES AND FUND BALANCES		<u>\$173,471</u>

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
 Reconciliation of The Governmental Funds Balance Sheet
 to The Government-Wide Financial Statement of Net Position
 June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances, Total governmental funds (Statement C)		\$173,768
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental capital assets	\$19,750	
Less accumulated depreciation	<u>(10,267)</u>	<u>9,483</u>
Net Position of Governmental Activities (Statement A)		<u>\$183,251</u>

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2023

	<u>General Fund</u>
REVENUES	
Taxes:	
Ad valorem	\$6,646
Sales	42,951
Franchise fees	8,814
Interest income	1
Insurance taxes	16,705
Ticket income	23,660
Other revenues	<u>2,785</u>
Total Revenues	101,562
EXPENDITURES	
General government	62,850
Public safety	13,819
Capital outlay	<u>0</u>
Total Expenditures	<u>76,669</u>
Excess (Deficiency) of Revenues over (under) Expenditures	24,893
OTHER FINANCING SOURCES (USES)	
Transfers in	561
Transfers out	<u>(100)</u>
Total Other Financing Sources (Uses)	<u>461</u>
Net Change in Fund Balance	25,354
Fund Balance – beginning	<u>148,414</u>
Fund Balance – ending	<u>\$173,768</u>

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental funds (Statement E) \$25,354

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays (\$0) exceeds depreciation (\$478) (478)

Change in Net Position of Governmental Activities (Statement B) \$24,876

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
Statement of Net Position, Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise Fund
ASSETS	
Current assets:	
Cash and cash investments	\$179,016
Accounts receivable	11,096
Grants receivable	0
Total current assets	<u>190,112</u>
Restricted assets:	
Cash and cash investments	2,100
Non-current assets:	
Capital assets (net of accumulated depreciation)	<u>1,739,552</u>
Total Non-current assets	<u>1,739,552</u>
TOTAL ASSETS	<u>\$1,931,764</u>
LIABILITIES	
Current Liabilities:	
Accounts, salaries, and other payables	
Grants payable	3,414
Due to other funds	23,799
Total current liabilities	<u>27,213</u>
Noncurrent liabilities	<u>2,100</u>
Total liabilities	<u>29,313</u>
NET POSITION	
Invested in capital assets, net of related debt	1,739,552
Unrestricted	<u>162,899</u>
TOTAL NET POSITION	<u>\$1,902,451</u>

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Fund</u>
Operating Revenues	
Charges for services:	
Water sales	\$103,096
Total Operating Revenues	<u>103,096</u>
Operating Expenses	
Cost of sales and services	83,221
Administration	10,303
Depreciation	74,940
Total Operating Expenses	<u>168,464</u>
Operating income (loss)	(65,368)
Nonoperating revenue (expenses)	
Interest income	0
Interest expense	0
Capital grant - DEQ	218,945
Capital Grant -ARPA	51,308
Total Nonoperating Revenue (Expenses)	<u>270,253</u>
Income before contributions and transfers	204,885
Transfers in/(out) net	<u>(461)</u>
Change in Net Position	204,424
Total Net Position - Beginning	<u>1,698,027</u>
Total Net Position - Ending	<u>\$1,902,451</u>

The accompanying notes are an integral part of this statement.

Village of Saline, Louisiana
Statement of Cash Flows, Proprietary Funds
For the Year Ended June 30, 2023

Cash Flows from Operating Activities	
Receipts from customers and users	\$108,152
Receipts from other funds	3,979
Payments to suppliers	(85,003)
Payments to employees	(9,050)
Payments to other funds	0
Net Cash Provided by Operating Activities	<u>18,078</u>
Cash Flows from Noncapital Financing Activities	
Grant income	270,253
Transfer from other funds (net)	(461)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>269,792</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets	(218,945)
Principal paid on capital debt	0
Interest paid on capital debt	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(218,945)</u>
Cash Flows from Investing Activities	
Interest and dividends received	0
Net Cash Provided by Investing Activities	<u>0</u>
Net Increase in Cash and equivalents	68,925
Cash and equivalents, Beginning of Year	<u>112,191</u>
Cash and equivalents, End of Year	<u>\$181,116</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities	
Operating income	(\$65,368)
Depreciation expense	74,940
(Increase) decrease in accounts receivable	5,056
Increase (decrease) in customer deposits	500
Increase (decrease) in interfunds	3,479
Increase (decrease) in accounts payable	(529)
Net Cash Provided by Operating Activities	<u>\$18,078</u>
Reconciliation of total cash and cash investments:	
Current assets - cash and cash investments	\$179,016
Restricted assets - cash and cash investments	2,100
Total cash and cash investments	<u>\$181,116</u>

The accompanying notes are an integral part of this statement.

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

INTRODUCTION

Village of Saline (the Village), Louisiana was incorporated on October 3, 1905, under the provisions of the Lawrason Act. (Louisiana Revised Statutes 33:321-463) The Village operates under a Mayor-Board of Aldermen form of government. Members of the board are all elected and serve a four year term.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Village have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June, 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Village's activities, including infrastructure (if any).
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charge to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivables due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

The Village reports the following major proprietary funds:

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the proprietary funds include water and sewer services to the residents of the Village. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

C. DEPOSITS & INVESTMENTS

The Village's cash and cash equivalents are considered to be demand deposits, interest-bearing demand deposits, and investments with original maturities of three months or less from the date of acquisition. State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

D. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectives. The Village calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

E. CAPITAL ASSETS

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$600 or more for capitalizing capital assets.

Capital assets and related expenses are recorded in the Statement of Net Position and Statement of Activities, respectively, but are not reported in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets are depreciated using the straight-line method.

F. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Fund Financial Statements (FFS)

The amounts reflected in the General Fund of Statements A and B are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Village’s operations.

The amounts reflected in the General Fund of Statements A and B use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January through the tax sale of the ensuing year. Interest income on interest bearing demand deposits is recorded at the end of the month when credited by the bank. Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Based on the above criteria, ad valorem taxes and state revenue sharing have been treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for compensated absences, which are recognized when paid.

Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Position (Statement A) and the column labeled Statement of Activities (Statement B) display information about the Village as a whole. These statements include all the financial activities of the Village. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Reconciliation

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Statement B) and Statement of Net Position (Statement A) are as follows:

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

Net change in fund balance	\$25,354
Capital outlay recorded as expenditures	0
Depreciation expense	<u>(478)</u>
Change in Net Position	<u>\$24,876</u>

G. CASH AND CASH EQUIVALENTS

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 certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2023, the Village has cash and cash equivalents (book balances) totaling \$322,384, as follows:

Demand deposits	\$322,384
Petty cash	<u>0</u>
Total	<u>\$322,384</u>

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the fire district that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Village's name. The Village is at risk for the excess balance of \$77,467.

These deposits are secured as follows:

Bank balances	<u>\$329,567</u>
Federal deposit insurance	\$252,100
Pledged securities (uncollateralized)	<u>0</u>
Total	<u>\$252,100</u>

H. RISK MANAGEMENT

The Village is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the Village

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

maintains commercial insurance policies covering: property and commercial general liability insurance, crime, and inland marine. Also, the Village maintains director and officer liability, worker's compensation, a mobile home policy, and employers liability insurance. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amount.

I. FUND EQUITY

In the government wide statements, net position is displayed in three components:

- a. Net invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

The Village adopted GASB 54 in the year ended June 30, 2012. As such, fund balances of the governmental funds are classified as follow:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors contributors, or laws or regulations of other governments.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - all other spendable amounts.

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

J. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

2. LEVIED TAXES

The Village has an authorized tax millage of 7.33 mills which is restricted by tax proposition, to operation and maintenance of the Village. The Village levied 7.33 mills as a result of reassessments of taxable property as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

The following are the principal taxpayers for the village and their 2023 assessed valuation (amounts expressed in thousands):

Taxpayer	Type of business	Assessed Valuation	% of Total Assessed Valuation
Saline Branch - Sabine State Bank	<i>financial institution</i>	71,240	7.86%
Centerpoint energy	<i>utility</i>	60,494	6.67%
AT&T Mobility	<i>utility</i>	52,999	5.85%
Total		<u>184,733</u>	<u>20.37%</u>

3. RECEIVABLES

The receivables of \$8,404 at June 30, 2023 consist of sales taxes for \$3,585, franchise taxes for \$1,340, insurance taxes for \$2,811, property taxes for \$668, and tickets for \$0 in the General fund, and accounts receivable-trade of \$11,096 in the Proprietary fund.

4. CHANGES IN GENERAL FIXED ASSETS

The following schedule presents changes in capital assets for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$4,500			\$4,500
Total capital assets not being depreciated	<u>4,500</u>	<u>0</u>	<u>0</u>	<u>4,500</u>

Village of Saline
Notes to the Financial Statements
For the Year Ended June 30, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets being depreciated:				
<i>Buildings and other improvements</i>	15,250			15,250
Total capital assets being depreciated	<u>15,250</u>	<u>0</u>	<u>0</u>	<u>15,250</u>
Less:				
accumulated depreciation	9,789	\$478		10,267
Total capital assets being depreciated, net	<u>\$9,961</u>	<u>(\$478)</u>	<u>\$0</u>	<u>\$9,483</u>
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Proprietary activities:				
Capital assets, not being depreciated:				
Construction in progress	\$546,046	\$218,945	(\$764,991)	\$0
Land	0			0
Total capital assets not being depreciated	<u>546,046</u>	<u>218,945</u>	<u>(764,991)</u>	<u>0</u>
Capital assets being depreciated:				
Improvements	428,723			428,723
Distribution system	<u>1,803,886</u>	<u>764,991</u>		<u>2,568,877</u>
Total capital assets being depreciated	<u>2,232,609</u>	<u>764,991</u>	<u>0</u>	<u>2,997,600</u>
Less:				
accumulated depreciation	<u>1,183,108</u>	<u>74,940</u>		<u>1,258,048</u>
Total capital assets, net of depreciation	<u>\$1,595,547</u>	<u>\$908,996</u>	<u>(\$764,991)</u>	<u>\$1,739,552</u>

5. LITIGATION AND CLAIMS

The Village is not involved in any litigation at June 30, 2023, nor is it aware of any unasserted claims.

6. MANAGEMENT REVIEW

Subsequent events have been evaluated through (DATE). This date represents the date the financial statements were available to be issued.

OTHER SUPPLEMENTAL INFORMATION

Village of Saline
Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2023

Schedule 1

Agency Head Name: Mayor Dorothy Satcher

Purpose	<u>Amount</u>
Salary	\$10,800
Benefits - medicare	131
Benefits - social security	561
Reimbursements	131
Dues	35

Village of Saline
Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2023

Schedule 2

<u>Board Member</u>	<u>Amount</u>
Dorothy Satcher, Mayor	\$10,800
RD Slayton	330
Jimmie Rogers	300
Brenda Matthews	240
Curtis Garrett	270
Marvin Parker	240
Total	<u>\$12,180</u>

REQUIRED SUPPLEMENTAL INFORMATION

Village of Saline
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balances - Budget and Actual (GAAP)
 For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Taxes:				
Ad valorem taxes	\$2,281	\$2,281	\$6,646	\$4,365
Sales taxes	20,000	20,000	42,951	22,951
Franchise fees	17,222	17,222	8,814	(8,408)
Insurance taxes	18,950	18,950	16,705	(2,245)
Ticket income	13,000	13,000	23,660	10,660
Grant income	51,308	51,308	0	(51,308)
Other revenues	1,700	1,700	2,786	1,086
Total Revenues	124,461	124,461	101,562	(22,899)
EXPENDITURES				
General government				
Personnel services	31,755	31,755	23,366	8,389
Operating services	40,239	40,239	38,149	2,090
Materials and supplies	1,000	1,000	1,300	(300)
Travel and other charges	1,500	1,500	35	1,465
Public safety	12,981	12,981	13,819	(838)
Capital outlay	0	0	0	0
Total Expenditures	87,475	87,475	76,669	10,806
Excess (Deficiency) of Revenues over (under) Expenditures	36,986	36,986	24,893	(12,093)
OTHER FINANCING SOURCES (USES)				
Operating transfers in			561	561
Operating transfers out			(100)	(100)
Total Other financing sources (uses)	0	0	461	461
Net change in Fund Balance	36,986	36,986	25,354	(11,632)
Fund Balance (Deficit) at Beginning of Year	97,065	97,065	148,413	51,348
Fund Balance (Deficit) at End of Year	\$134,051	\$134,051	\$173,767	\$40,177

Notes to the schedule

(1) method of budgetary accounting - GAAP

(2) explanation of material variances - management budgeted for grants in General fund but it will be used in Utility fund

Cash Basis Presentation

	First Six Month Period Ended 12/31/22	Second Six Month Period Ended 6/30/23
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	15,587.65	8,072.85
Other (do not include collections that fit into more specific categories above)		
Subtotal Collections	15,587.65	8,072.85
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
La Judicial college	54.00	14.50
LDH - THSC trust	410.00	145.00
Louisiana Commission on Law Enforcement	161.02	56.84
Treasurer, State of Louisiana - CMIS	69.00	71.00
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	4.98	2.58
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other (Additional rows may be added as necessary)	14,888.65	7,782.93
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies		
Subtotal Disbursements/Retainage	15,587.65	8,072.85
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-



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

Independent Auditor's Report

Board of Commissioners
Village of Saline

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Village of Saline as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated March 22, 2024.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying Schedule of Findings, Recommendations and Corrective Action Plan, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. 2023-01.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. 2023-02 and 2023-05

Compliance and Other Matters

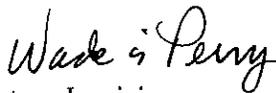
As part of obtaining reasonable assurance about whether Village’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2023-03 and 2023-04.

Village’s Response to Findings

Village’s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Village’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 result 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.



Ruston, Louisiana
March 22, 2024

Village of Saline
Schedule of Current Year Findings and Questioned Costs
For the Year Ended June 30, 2023

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general purpose financial statements of the Village of Saline.
2. Two instances of noncompliance material to the financial statements of the Village of Saline was disclosed during the audit.
3. Three significant deficiencies relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. Financial Statements Findings

2023-01. Significant deficiency in internal control over financial reporting

Condition: Management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare their annual financial statements. This condition is intentional by management based upon the Village's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. In relation to this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. The bank accounts were not reconciled timely so the board was not provided accurate financial statements to make educated decisions.

Criteria: Considered material weakness if Village cannot apply generally accepting accounting principles.

Cause: The Village does not have staff capable of preparing report and notes and applying generally accepting accounting principles.

Effect: Potential misstatements in financial statements may not be detected

Recommendation: Management must determine whether the benefit from an internal control deficiency exceeds its cost, and therefore it may be impractical to correct all deficiencies required to be reported under SAS 112. The cost benefit analysis is not a factor in the reporting requirement of SAS 112. We do not believe that correcting the significant deficiency as described above would be cost effective or practical for the Village. The Village does need to make sure all bank accounts are reconciled timely in order for the board to make informed, educated decisions.

2023-02. Lack of segregation of duties

Condition: The Village does not have an adequate segregation of duties regarding its accounting and reporting system to maintain a complete system of internal control. This is a repeat finding.

Criteria: Considered good business practice to have segregation of duties wherever possible.

Cause: Small government entity with limited personnel available

Effect: Potential misstatements in financial statements may not be detected and is at risk for fraud.

Recommendation: We recommend that it would not be cost effective for the Village to hire additional personnel to resolve this problem. Also we recommend the Village consider the costs and benefits of separation of duties between personnel to ensure that internal controls are maintained as effectively as is possible with limited staff.

2023-03. Budget violation

Condition: The budget was not adopted by ordinance according to RS 39:1305-1309. Also, the General fund budgeted revenues and other sources exceeded actual revenues and other sources by \$23,460, or 18%.

Criteria: An ordinance must be passed in open meeting before end of prior fiscal year and make it available for public inspection. According to LRS 39:1310, failing to amend the budget when necessary is a violation of the local government budget act.

Cause: An ordinance was not passed in open meeting before end of prior fiscal year and made available for public inspection. Management overbudgeted grant income.

Effect: Compliance violation of local budget law

Recommendation: Government officials should follow the local government budget act as it pertains to preparing, adopting, monitoring, and amending the budget.

2023-04. Article VII, Section 14 violation

Condition: The Village was disbursing alderman pay, the dependent of a deceased board member stated she wanted to donate that money to an annual drawing. The money went to a citizen in honor of her. The check was written to cash for \$60. During the general ledger review, we noted a check to a local grocery store. The receipt and discussion showed turkeys and hams were purchased and given to town members.

Criteria: Article VII, Section 14 states in part "funds, credit, property, or things of value shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Cause: Funds and things of value were donated to people in the community.

Effect: Violation of Article VII, Section 14.

Recommendation: The Village should not donate any funds, credit, property, or things of value in order to refrain from violating this Article.

2023-05. Significant deficiency in internal controls over utility receipts

Condition: We could not trace the daily total for each deposit to the deposit slip.

Criteria: Internal controls should be set up for all areas.

Cause: The Village is not reconciling the daily receipt totals to the daily deposit slips.

Effect: There is a potential for fraud due to lack of checks and balances and misstatements in financial statements may not be detected.

Recommendation: The Village should have someone not involved with the receipt reconcile the daily total report.

Village of Saline
Summary of Prior Year Findings
For the Year Ended June 30, 2023

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2022-1. Significant deficiency in internal control over disbursements

Status: Unresolved - see 2023-01

2022-02. Lack of segregation of duties

Status: Unresolved - see 2023-02

2022-03. Significant deficiency in internal control over traffic tickets

Status: Resolved

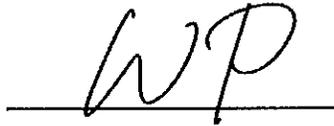
2022-04. Late submission of report

Status: Resolved

Village of Saline
PO Box 118
Saline, LA 71070

Management's Responses to Findings

- 2023-01. The Village will continue to assess the cost effectiveness of this deficiency in internal control and monitor checks and balances.
- 2023-02. The Village will continue to assess the cost effectiveness of this deficiency in internal control and monitor checks and balances.
- 2023-03. The Village agrees with the recommendations and intends to implement them immediately.
- 2023-04. The Village agrees with the recommendations and intends to implement them immediately.
- 2023-05. The Village agrees with the recommendations and intends to implement them immediately.



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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Village of Saline (Entity) 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 July 1, 2022 through June 30, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The Entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:¹
- 1) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 2) ***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.
 - 3) ***Disbursements***, including processing, reviewing, and approving.

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.

- 4) **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).
- 5) **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.
- 6) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- 7) **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).
- 8) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 9) **Ethics**², 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.
- 10) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 11) **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.
- 12) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and address the functions listed above except as noted. There is not a written policy for budgeting, purchasing, disbursements, receipts/collections, payroll/personnel, contracting, travel and expense reimbursements, credit cards, ethics, debt service, information technology disaster recovery/business continuity, and sexual harassment for annual reporting or annual employee training.

² The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

2) Board or Finance Committee³

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

- 1) 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.

No exceptions

- 2) 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 funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds⁷. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No mention of budget-to-actual comparisons.

- 3) 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.

No exceptions

- 4) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are fully resolved.⁶

No updates were given regarding the progress of resolving audit findings.

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

⁴ Proprietary and special revenue funds are defined under GASB standards. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary and special revenue operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts⁷ (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:

1. 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);

Four of the five accounts were reconciled timely.

2. 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

Mayor and board members sign bank statements but no record of bank reconciliations being reviewed.

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

There is no documentation showing items were researched for three of the five accounts that had uncleared items older than 12 months.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites⁸ 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).

Management represented the list obtained was complete.

B. For each deposit site selected, obtain a listing of collection locations⁹ 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:

⁷ The collections category is not required to be performed if the entity has a third-party contractor performing all collections functions

⁸ A deposit site is a physical location where a deposit is prepared and reconciled.

⁹ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school Entity a collection location may be a classroom and a deposit site may be the school office.

1. Employees responsible for cash collections do not share cash drawers/registers.

Clerk and mayor both accept and share 1 drawer.

2. 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.

One of the two employees responsible for collecting cash is also responsible for preparing/making bank deposits

3. 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.

The employee responsible for collecting cash is responsible for posting collection entries to the general ledger.

4. 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.

The employee responsible for reconciling collections to the general ledger is responsible for collecting cash.

- C. 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.

No exceptions

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

1. Observe that receipts are sequentially pre-numbered.¹⁰

Sequentially pre-numbered receipts are not used.

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

¹⁰ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

One of the six receipts tested traced to the deposit slip.

3. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions

4. Observe the deposit was made within one business day of receipt¹¹ 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).

Two of nine were correct. Two had no support for date received. Five of nine had no supporting documentation.

5. Trace the actual deposit per the bank statement to the general ledger.

Eight of the nine were correct.

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

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

Management represented the list obtained was complete.

- B. 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:

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

Two employees are not involved in this process.

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

One employee is involved in this process.

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

The employee responsible for processing payments is allowed to add/modify vendor files.

4. 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.

The mayor signs and mails the checks.

¹¹ As required by Louisiana Revised Statute 39:1212.

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

No exceptions

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. 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:

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

No exceptions

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

Three of five were correct.

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

None of the five were correct.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. 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 cards¹². Obtain management's representation that the listing is complete.

Management represented the list obtained was complete.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined

¹² Including cards used by school staff for either school operations or student activity fund operations.

statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

1. 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.]

Two of the 2 statements did not show evidence of review and approval.

2. Observe that finance charges and late fees were not assessed on the selected statements.
No exceptions

- C. 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)¹³. 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.

- (1) Three of three were incorrect.
- (2) Three of three did not show written documentation of purpose
- (3) No exceptions

7) Travel and Travel-Related Expense Reimbursements¹⁴ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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:

Management represented the list obtained was complete.

1. 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).

No exceptions

¹³ For example, if 3 of the 5 cards selected were fuel cards, only 10 transactions would be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #12 were fuel cards, Procedure #13 would not be applicable.

¹⁴ Non-travel reimbursements are not required to be tested under this category.

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

No exceptions

3. 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).

No business purpose was provided

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

No exceptions.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *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:*

Management represented the list obtained was complete.

1. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁵ (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions

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

No exceptions

3. 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).

No exceptions

4. 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.

One invoice did not agree to the terms and conditions of the contract.

¹⁵ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

9) *Payroll and Personnel*

- A. Obtain a listing of employees and officials¹⁶ 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.

Management represented the list obtained was complete.

- B. 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:

1. Observe all selected employees or officials¹⁷ documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

The Village does not provide leave time.

2. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

The Village does not provide leave time.

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

The Village does not provide leave time.

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

Employee pay rates are kept in personnel files.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, 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.

No exceptions.

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

¹⁶ "Officials" would include those elected, as well as board members who are appointed.

¹⁷ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

No exceptions

10) Ethics¹⁸

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

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

Three of the four employees have documented ethics training.

2. 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.

No exceptions

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The Village has not appointed an ethics designee.

11) Debt Service¹⁹

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

Not applicable

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

No exceptions.

¹⁸ The Louisiana Code of Ethics is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If ethics is applicable to a nonprofit, the procedures should be performed.

¹⁹ This AUP category is generally not applicable to nonprofit entities; however, if applicable, the procedures should be performed.

12) Fraud Notice²⁰

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

Management represented the list obtained is complete.

- B. 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.²¹

No exceptions

13) Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

²⁰ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.lfa.la.gov/hotline

²¹ This notice is available for download or print at www.lfa.la.gov/hotline.

No exceptions.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267²². The requirements are as follows:

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

No employees have completed cybersecurity training.

14) Prevention of Sexual Harassment²³

- A. 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.

No employees have complete sexual harassment training.

- B. 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).

Complaints procedures are not posted on its website.

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

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

0; 0%.

²² While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

²³ While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

2. Number of sexual harassment complaints received by the agency;

Zero

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

Zero

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

Zero

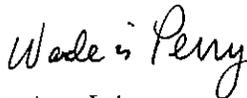
5. Amount of time it took to resolve each complaint.

Not applicable

*We were engaged by Village of Saline 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 Village of Saline 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.



Ruston, LA
March 22, 2024