

VILLAGE OF HESSMER, LOUISIANA

Financial Report

Year Ended August 31, 2023

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INDEPENDENT AUDITOR'S REPORT

* A Professional Accounting Corporation

The Honorable Mark Jeansonne, Mayor
and Members of the Board of Aldermen
Village of Hessmer, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Hessmer, Louisiana (“the Village”), as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Hessmer, Louisiana, as of August 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village’s ability to continue as a

going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 36 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hessmer, Louisiana's basic financial statements. The accompanying justice system funding schedule – collecting/disbursing entity and LCDBG program financial statements on pages 45 through 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the justice system funding schedule – collecting/disbursing entity and the LCDBG program financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules on pages 41 through 44 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the Village of Hessmer, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hessmer, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Hessmer, Louisiana's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
February 29, 2024

BASIC FINANCIAL STATEMENTS

**GOVERNMENT WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF HESSMER, LOUISIANA

Statement of Net Position
August 31, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest bearing deposits	\$ 95,169	\$ 250,398	\$ 345,567
Receivables, net	11,365	95,582	106,947
Internal balances	1,839	(1,839)	-
Due from other governmental agencies	3,363	549,725	553,088
Inventories, at cost	-	21,846	21,846
Restricted assets:			
Cash and interest bearing deposits	-	152,768	152,768
Capital assets:			
Non depreciable capital assets	57,000	-	57,000
Depreciable capital assets, net	306,444	2,404,176	2,710,620
Total assets	<u>475,180</u>	<u>3,472,656</u>	<u>3,947,836</u>
LIABILITIES			
Accounts payable	9,449	23,658	33,107
Construction contracts payable	-	481,385	481,385
Due to other governments	8,000	-	8,000
Construction retainage payable	-	67,840	67,840
Accrued interest	-	2,349	2,349
Customers deposits payable	-	120,746	120,746
Long-term liabilities:			
Portion due within one year-			
Bonds payable	-	23,000	23,000
Portion due after one year-			
Bonds payable	-	751,000	751,000
Total liabilities	<u>17,449</u>	<u>1,469,978</u>	<u>1,487,427</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - grant revenues	-	118,509	118,509
NET POSITION			
Net investment in capital assets	363,444	1,103,951	1,467,395
Restricted for:			
Sales tax	65,046	-	65,046
Debt service	-	6,673	6,673
Unrestricted	29,241	773,545	802,786
Total net position	<u>\$ 457,731</u>	<u>\$ 1,884,169</u>	<u>\$ 2,341,900</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Activities
For the Year Ended August 31, 2023

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Fees, Fines, and Charges	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 168,504	\$ -	\$ -	\$ -	\$ (168,504)	\$ -	\$ (168,504)
Public safety							
Police	178,659	83,636	6,000	-	(89,023)	-	(89,023)
Fire	20,010	-	-	-	(20,010)	-	(20,010)
Recreation	54,337	-	-	-	(54,337)	-	(54,337)
Public Works	121,367	-	-	-	(121,367)	-	(121,367)
Total governmental activities	<u>542,877</u>	<u>83,636</u>	<u>6,000</u>	<u>-</u>	<u>(453,241)</u>	<u>-</u>	<u>(453,241)</u>
Business-type activities:							
Water	649,901	560,565	-	27,788	-	(61,548)	(61,548)
Sewer	142,828	78,178	-	531,897	-	467,247	467,247
Total business-type activities	<u>792,729</u>	<u>638,743</u>	<u>-</u>	<u>559,685</u>	<u>-</u>	<u>405,699</u>	<u>405,699</u>
Total	<u>\$ 1,335,606</u>	<u>\$ 722,379</u>	<u>\$ 6,000</u>	<u>\$ 559,685</u>	<u>(453,241)</u>	<u>405,699</u>	<u>(47,542)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					26,851	-	26,851
Sales and use taxes, levied for specific purposes					162,688	-	162,688
Franchise taxes					41,749	-	41,749
Intergovernmental					44,742	-	44,742
Licenses and permits					46,402	-	46,402
Interest and investment earnings					-	1,015	1,015
Miscellaneous					29,012	-	29,012
Transfers					78,562	(78,562)	-
Total general revenues and transfers					<u>430,006</u>	<u>(77,547)</u>	<u>352,459</u>
Change in net position					(23,235)	328,152	304,917
Net position - beginning					480,966	1,556,017	2,036,983
Net position - ending					<u>\$ 457,731</u>	<u>\$ 1,884,169</u>	<u>\$ 2,341,900</u>

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

FUND FINANCIAL STATEMENTS (FFS)

VILLAGE OF HESSMER, LOUISIANA

Balance Sheet
Governmental Funds
August 31, 2023

ASSETS	<u>General</u>	<u>Sales Tax Fund</u>	<u>Totals</u>
Cash and interest bearing deposits	\$ 42,222	\$ 52,947	\$ 95,169
Receivables:			
Taxes	-	11,365	11,365
Due from other governments	3,363	-	3,363
Due from other funds	<u>3,409</u>	<u>832</u>	<u>4,241</u>
 Total assets	 <u>\$ 48,994</u>	 <u>\$ 65,144</u>	 <u>\$ 114,138</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 9,449	\$ -	\$ 9,449
Due to other governments	8,000	-	8,000
Due to other funds	<u>2,304</u>	<u>98</u>	<u>2,402</u>
Total liabilities	<u>19,753</u>	<u>98</u>	<u>19,851</u>
Fund balances.			
Restricted	-	65,046	65,046
Unassigned	<u>29,241</u>	<u>-</u>	<u>29,241</u>
Total fund balances	<u>29,241</u>	<u>65,046</u>	<u>94,287</u>
 Total liabilities and fund balances	 <u>\$ 48,994</u>	 <u>\$ 65,144</u>	 <u>\$ 114,138</u>

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

VILLAGE OF HESSMER, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
August 31, 2023

Total fund balances for governmental funds	\$ 94,287
Capital assets, net	<u>363,444</u>
Net position of governmental activities at August 31, 2023	<u>\$ 457,731</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended August 31, 2023

	General	Sales Tax Fund	Totals
Revenues:			
Taxes	\$ 68,600	\$ 162,688	\$ 231,288
Licenses and permits	46,402	-	46,402
Intergovernmental	50,742	-	50,742
Fines and forfeits	83,636	-	83,636
Miscellaneous	<u>28,847</u>	<u>165</u>	<u>29,012</u>
Total revenues	<u>278,227</u>	<u>162,853</u>	<u>441,080</u>
Expenditures:			
Current -			
General government	111,547	51,486	163,033
Public safety:			
Police	175,605	-	175,605
Fire	20,010	-	20,010
Recreation	5,122	13,684	18,806
Public works	34,658	74,799	109,457
Capital outlay	<u>-</u>	<u>30,461</u>	<u>30,461</u>
Total expenditures	<u>346,942</u>	<u>170,430</u>	<u>517,372</u>
Deficiency of revenues over expenditures	<u>(68,715)</u>	<u>(7,577)</u>	<u>(76,292)</u>
Other financing sources (uses):			
Transfers in	84,562	-	84,562
Transfers out	<u>-</u>	<u>(6,000)</u>	<u>(6,000)</u>
Total other financing sources (uses)	<u>84,562</u>	<u>(6,000)</u>	<u>78,562</u>
Net changes in fund balances	15,847	(13,577)	2,270
Fund balances, beginning	<u>13,394</u>	<u>78,623</u>	<u>92,017</u>
Fund balances, ending	<u>\$ 29,241</u>	<u>\$ 65,046</u>	<u>\$ 94,287</u>

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

VILLAGE OF HESSMER, 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 August 31, 2023

Total net changes in fund balances per statement of revenues, expenditures and changes in fund balances		\$ 2,270
Capital assets:		
Capital outlay	\$ 30,461	
Depreciation expense	<u>(55,966)</u>	<u>(25,505)</u>
Change in net position per statement of activities		<u>\$ (23,235)</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Net Position
Proprietary Funds
August 31, 2023

	Water Utility	Sewer Utility	Totals
ASSETS			
Current assets:			
Cash and interest bearing deposits	\$ 197,261	\$ 53,137	\$ 250,398
Accounts receivable	81,167	14,415	95,582
Due from other funds	829	23,473	24,302
Due from other governmental agencies	-	549,725	549,725
Inventories, at cost	21,846	-	21,846
Total current assets	<u>301,103</u>	<u>640,750</u>	<u>941,853</u>
Noncurrent assets:			
Restricted assets -			
Cash and interest bearing deposits	140,091	12,677	152,768
Capital assets -			
Depreciable capital assets, net	<u>1,553,874</u>	<u>850,302</u>	<u>2,404,176</u>
Total noncurrent assets	<u>1,693,965</u>	<u>862,979</u>	<u>2,556,944</u>
Total assets	<u>\$ 1,995,068</u>	<u>\$ 1,503,729</u>	<u>\$ 3,498,797</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 22,468	\$ 1,190	\$ 23,658
Construction contracts payable	-	481,385	481,385
Construction retainage payable	-	67,840	67,840
Due to other funds	23,339	2,802	26,141
Payable from restricted assets -			
Revenue bonds	23,000	-	23,000
Accrued interest payable	2,349	-	2,349
Total current liabilities	<u>71,156</u>	<u>553,217</u>	<u>624,373</u>
Noncurrent liabilities:			
Customers' deposits	108,069	12,677	120,746
Revenue bonds payable	<u>751,000</u>	<u>-</u>	<u>751,000</u>
Total noncurrent liabilities	<u>859,069</u>	<u>12,677</u>	<u>871,746</u>
Total liabilities	<u>930,225</u>	<u>565,894</u>	<u>1,496,119</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - grant revenues	<u>118,509</u>	<u>-</u>	<u>118,509</u>
NET POSITION			
Net investment in capital assets	802,874	301,077	1,103,951
Restricted for debt service	6,673	-	6,673
Unrestricted	<u>136,787</u>	<u>636,758</u>	<u>773,545</u>
Total net position	<u>\$ 946,334</u>	<u>\$ 937,835</u>	<u>\$ 1,884,169</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended August 31, 2023

	Water Utility	Sewer Utility	Total
Operating revenues:			
Charges for services	\$ 537,171	\$ 78,178	\$ 615,349
Installation and other charges	23,394	-	23,394
Total operating revenues	<u>560,565</u>	<u>78,178</u>	<u>638,743</u>
Operating expenses:			
Salaries	81,203	7,200	88,403
Payroll taxes	5,816	551	6,367
Depreciation expense	138,332	68,842	207,174
Maintenance and repairs	160,844	13,092	173,936
Supplies	10,200	-	10,200
Legal and professional	58,596	12,200	70,796
Insurance	32,221	2,614	34,835
Fuel and oil	11,198	600	11,798
Chemicals and supplies	81,734	8,525	90,259
Utilities and telephone	23,563	17,540	41,103
Laboratory testing	691	11,064	11,755
Other	24,473	600	25,073
Total operating expenses	<u>628,871</u>	<u>142,828</u>	<u>771,699</u>
Operating loss	<u>(68,306)</u>	<u>(64,650)</u>	<u>(132,956)</u>
Nonoperating revenues (expenses):			
Federal and state grants	27,788	531,897	559,685
Interest income	1,015	-	1,015
Interest expense	(21,030)	-	(21,030)
Total nonoperating revenues	<u>7,773</u>	<u>531,897</u>	<u>539,670</u>
Income (loss) before transfers	(60,533)	467,247	406,714
Other financing uses:			
Transfers out	<u>(78,562)</u>	<u>-</u>	<u>(78,562)</u>
Change in net position	(139,095)	467,247	328,152
Net position, beginning	<u>1,085,429</u>	<u>470,588</u>	<u>1,556,017</u>
Net position, ending	<u>\$ 946,334</u>	<u>\$ 937,835</u>	<u>\$ 1,884,169</u>

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended August 31, 2023

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 536,215	\$ 77,342	\$ 613,557
Payments to suppliers	(394,416)	(65,045)	(459,461)
Payments to employees	<u>(87,019)</u>	<u>(7,751)</u>	<u>(94,770)</u>
Net cash provided by operating activities	<u>54,780</u>	<u>4,546</u>	<u>59,326</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	2,198	2,198
Cash paid to other funds	<u>(41,478)</u>	<u>-</u>	<u>(41,478)</u>
Net cash provided (used) by noncapital financing activities	<u>(41,478)</u>	<u>2,198</u>	<u>(39,280)</u>
Cash flows from capital and related financing activities:			
Interest and fiscal charges paid on revenue bonds	(21,030)	-	(21,030)
Principal paid on bonds	(22,000)	-	(22,000)
Proceeds from grants	<u>141,672</u>	<u>-</u>	<u>141,672</u>
Net cash provided by capital and related financing activities	<u>98,642</u>	<u>-</u>	<u>98,642</u>
Cash flows from investing activities:			
Interest received on interest-bearing deposits	<u>1,015</u>	<u>-</u>	<u>1,015</u>
Net change in cash and cash equivalents	112,959	6,744	119,703
Cash and cash equivalents, beginning of period	<u>224,393</u>	<u>59,070</u>	<u>283,463</u>
Cash and cash equivalents, end of period	<u>\$ 337,352</u>	<u>\$ 65,814</u>	<u>\$ 403,166</u>

(continued)

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

VILLAGE OF HESSMER, LOUISIANA

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended August 31, 2023

	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Total</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (68,306)	\$ (64,650)	\$ (132,956)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	138,332	68,842	207,174
Changes in current assets and liabilities:			
Accounts receivable	(39,157)	(1,806)	(40,963)
Accounts payable	9,104	1,190	10,294
Customer deposit payable	<u>14,807</u>	<u>970</u>	<u>15,777</u>
Net cash provided by operating activities	<u>\$ 54,780</u>	<u>\$ 4,546</u>	<u>\$ 59,326</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:			
Cash and cash equivalents, beginning of period -			
Cash and interest bearing deposits - unrestricted	\$ 122,150	\$ 47,363	\$ 169,513
Cash and interest bearing deposits - restricted	<u>102,243</u>	<u>11,707</u>	<u>113,950</u>
Total cash and cash equivalents, beginning of period	<u>224,393</u>	<u>59,070</u>	<u>283,463</u>
Cash and cash equivalents, end of period -			
Cash and interest bearing deposits - unrestricted	197,261	53,137	250,398
Cash and interest bearing deposits - restricted	<u>140,091</u>	<u>12,677</u>	<u>152,768</u>
Total cash and cash equivalents, end of period	<u>337,352</u>	<u>65,814</u>	<u>403,166</u>
Net change in cash and cash equivalents	<u>\$ 112,959</u>	<u>\$ 6,744</u>	<u>\$ 119,703</u>

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Hessmer (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Hessmer, Louisiana was incorporated in 1955 under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Aldermen form of government and provides the following services: public safety (police and fire), highway and streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

As the municipal governing authority, for reporting purposes, the Village of Hessmer, Louisiana is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete, and (d) organizations that are closely related to, or financially integrated with the primary government. The Village has no such component unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Village as an economic unit. The government-wide financial statements report the Village's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the primary government.

Fund Financial Statements

The accounts of the Village are organized on the basis of funds, each of which is considered to be an independent fiscal and accounting entity. The operations of each fund are accounted for within separate sets of self-balancing accounts, which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance/net position, revenues, and expenditures/expenses, and transfers.

Major funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources or liabilities and deferred inflows of resources are at least ten percent of the totals for all governmental or enterprise funds and at least five percent of the aggregate amount for all governmental and enterprise funds for the

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

same item or funds designated as major at the discretion of the Village. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements. The Village uses the following funds, grouped by fund type.

Governmental Funds –

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

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects of the Village. The following is the Village's major Special Revenue Fund:

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for the repair and maintenance of public streets; the repair, maintenance, and operation of the waterworks and sewerage system; the repair and maintenance of the drainage system; capital improvements; and the support of the general fund.

Proprietary Funds –

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

Enterprise Funds

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

C. Measurement Focus/Basis of Accounting

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

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

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

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

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

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

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

Cash and interest-bearing deposits

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

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customers' utility service receivables as their major receivables. Uncollectible amounts due from customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No allowance for uncollectible receivables is recorded due to the immateriality at August 31, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month are recorded at year-end.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in October and are actually billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. Village property tax revenues are budgeted in the year billed.

Interfund receivables and payables

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

receivables and payables, advances to and from other funds, as well as due to and from other funds are eliminated in the statement of net position

Inventory

Inventories are valued at cost, which approximates market value, using the first-in first-out (FIFO) method. All inventories are accounted for in the water utility fund as assets when purchased and recorded as expenditures when consumed.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond, and utility meter deposits.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated acquisition cost at the date of donation. The Village maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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

Buildings and improvements	40 years
Equipment, furniture and fixtures	5 - 25 years
Utility system and improvements	20-50 years

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

Long-term debt

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

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

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

Compensated Absences

After 1 year of full-time employment, employees of the Village of Hessmer earn annual leave at the rate of 5 to 20 days each year, depending upon their length of service. Annual leave is not payable upon termination.

Employees of the Village earn 5 to 25 days of sick leave each year, depending upon their length of service. Unused sick leave may be carried forward from year to year not to exceed 25 days. Unused sick leave is not payable upon termination.

No accruals for accumulated unused compensated absences have been made in these financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Equity Classifications

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use by either (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation. It is the Village's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been incurred.
- c. Unrestricted net position – Consists of all other assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

- e. Unassigned includes fund balance amounts which have not been classified within the above-mentioned categories.

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

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

E. Revenues, Expenditures, and Expenses

Revenues

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

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

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

Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

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

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

to the production of revenue and include items such as interest expense and losses on disposal of assets.

Expenditures-Expenses

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

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

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

Interfund Transfers

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

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 8
Utility Revenue	See Note 7

The Village uses unrestricted resources only when restricted resources are fully depleted.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred inflows, liabilities and deferred outflows, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. These estimates include assessing the collectability of accounts receivable and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in direct obligations of the United States government, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and or the United States government, and time certificates of deposit of state banks organized under Louisiana law and national banks having principal officers in Louisiana.

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered, or the Village will not be able to recover collateral securities that are in the possession of an outside party. The Village does not have a policy for custodial credit risk; however, under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of deposit balances (bank balances) and the related federal insurance and pledged securities:

Bank balances	<u>\$ 522,689</u>
Federal deposit insurance	\$ 408,764
Uninsured and collateral held by the pledging banks, not in the Village's name	<u>113,925</u>
Total FDIC insurance and pledged securities	<u>\$ 522,689</u>

(3) Restricted Assets – Business-Type Activities

Restricted assets of business-type activities consisted of the following:

	Water System	Sewer System	Total
Customer Deposit Fund	<u>\$ 108,069</u>	<u>\$ 12,677</u>	<u>\$ 120,746</u>
Sinking Fund	<u>32,022</u>	<u>-</u>	<u>32,022</u>
Total restricted assets	<u>\$ 140,091</u>	<u>\$ 12,677</u>	<u>\$ 152,768</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(4) Capital Assets

Capital asset activity was as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 57,000	\$ -	\$ -	\$ 57,000
Capital assets being depreciated:				
Buildings	256,942	-	-	256,942
Equipment, furniture and fixtures	223,837	30,461	-	254,298
Infrastructure	373,090	-	-	373,090
Total capital assets	<u>853,869</u>	<u>30,461</u>	<u>-</u>	<u>884,330</u>
Less accumulated depreciation				
Buildings	171,695	5,462	-	177,157
Equipment, furniture and fixtures	187,371	13,563	-	200,934
Infrastructure	162,854	36,941	-	199,795
Total accumulated depreciation	<u>521,920</u>	<u>55,966</u>	<u>-</u>	<u>577,886</u>
Total capital assets being depreciated, net	<u>331,949</u>	<u>(25,504)</u>	<u>-</u>	<u>306,444</u>
Governmental activities, capital assets, net	<u>\$ 388,949</u>	<u>\$ (25,504)</u>	<u>\$ -</u>	<u>\$ 363,444</u>

Depreciation expense was charged to governmental activities as follows.

General government	\$ 5,471
Police	3,054
Streets and sidewalks	11,910
Recreation	<u>35,531</u>
Total depreciation expense	<u>\$ 55,966</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 250,952	\$ -	\$ 250,952	\$ -
Capital assets being depreciated:				
Water system	4,353,401	-	-	4,353,401
Sewer system	1,831,253	782,349	-	2,613,602
Total capital assets being depreciated	6,184,654	782,349	-	6,967,003
Less accumulated depreciation				
Water system	2,661,195	138,332	-	2,799,527
Sewer system	1,694,458	68,842	-	1,763,300
Total accumulated depreciation	4,355,653	207,174	-	4,562,827
Total capital assets being depreciated, net	1,829,001	575,175	-	2,404,176
Business-type activities, capital assets, net	<u>\$ 2,079,953</u>	<u>\$ 575,175</u>	<u>\$ 250,952</u>	<u>\$ 2,404,176</u>

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

Water	\$ 138,332
Sewer	68,842
Total depreciation expense	<u>\$ 207,174</u>

(5) Leases

On April 28, 1999, the Village entered into a 60-month lease agreement with AT&T Mobility Corporation for the use of space on the Village's water tower to mount LTE equipment and antennas for a monthly payment of \$810. The lease was renewed for the same monthly rate on January 1, 2006 for one 60-month term with the option to renew the lease for four (4) additional 60-month terms. In October 2014, the monthly lease payments were renegotiated and increased to \$1,620 per month. On December 31, 2021, the expiration date of the most recent 60-month term, the Village entered into a month-to-month lease with the same payment terms and began negotiating a lease renewal. As of August 31, 2023, the negotiations of the lease renewal are continuing, while the Village continues to receive a monthly lease payment of \$1,620.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(6) Changes in Long-Term Liabilities

The following is a summary of long-term liability activity of the Village.

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Ending</u>	<u>Amount due in one year</u>
Direct Placements:					
Business-type activities					
Water revenue refunding					
bonds, series 2021	\$ 796,000	\$ -	22,000	\$ 774,000	\$ 23,000

Water Revenue Bonds

The Water Revenue Refunding Bonds, Series 2021 (Bonds), dated November 1, 2021, were issued to refund the outstanding Water Revenue Bonds, Series 2008. Principal payments consist of fully amortized annual installments of \$22,000 to \$42,000 which are due through November 1, 2047. The bonds bear an annual interest of .99% to 3.25% and interest payments are due semi-annually on May 1 and November 1. The bonds are secured solely from the net revenues of the Village's waterworks system. Under the bond agreement, the Village is required to fix, establish, and maintain water utility rates at such a level that would provide revenues in each year, after paying all reasonable and necessary expenses, at least equal to 120% of the largest amount of principal and interest maturing on the bonds in any future fiscal year as well as fund monthly transfers into a sinking fund account as more fully described in Note 7.

Annual debt service requirements of direct placement debt outstanding were as follows.

<u>Year Ending August 31,</u>	<u>Direct Placement Debt Refunding Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 23,000	\$ 20,801	\$ 43,801
2025	23,000	20,547	43,547
2026	23,000	20,259	43,259
2027	24,000	19,924	43,924
2028	24,000	19,538	43,538
2029-2033	131,000	90,029	221,029
2034-2038	151,000	70,775	221,775
2039-2043	175,000	46,339	221,339
2044-2047	158,000	15,895	173,895
2048	42,000	685	42,685
	<u>\$ 774,000</u>	<u>\$ 324,792</u>	<u>\$ 1,098,792</u>

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

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

The revenues of the water utility system are partially pledged to retire the Water Revenue Refunding Bonds, Series 2021 dated November 1, 2021

The bond resolution of the 2021 Revenue Refunding Bonds requires the establishment and maintenance of the Water Revenue Bond and Interest Sinking Fund:

The Water Fund is required to transfer to the Water Revenue Bond and Interest Sinking Fund account the monthly sums as follows.

<u>Period</u> <u>Nov. 20 to Oct. 20</u>	<u>Monthly</u> <u>Sinking</u> <u>Payments</u>
2022 - 2023	\$ 3,660
2023 - 2024	\$ 3,640
2024 - 2025	\$ 3,618
2025 - 2026	\$ 3,676
2026 - 2027	\$ 3,645
2027 - 2028	\$ 3,694
2028 - 2029	\$ 3,739
2029 - 2030	\$ 3,696
2030 - 2031	\$ 3,732
2031 - 2032	\$ 3,682
2032 - 2033	\$ 3,781
2033 - 2034	\$ 3,709
2034 - 2035	\$ 3,719
2035 - 2036	\$ 3,728
2036 - 2037	\$ 3,734
2037 - 2038	\$ 3,737
2038 - 2039	\$ 3,738
2039 - 2040	\$ 3,736
2040 - 2041	\$ 3,732
2041 - 2042	\$ 3,725
2042 - 2043	\$ 3,708
2043 - 2044	\$ 3,689
2044 - 2045	\$ 3,666
2045 - 2046	\$ 3,641
2046 - 2047	\$ 3,614

For the year ended August 31, 2023, the Village failed to make all of the transfers in accordance with the bond requirements.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(8) Sales and Use Tax

The proceeds of 1% sales and use tax levied by the Village of Hessmer, Louisiana are dedicated to the following purposes:

Repair and maintain public streets in the Village (30%), repair, maintain, and operate the Village's waterworks and sewerage system (15%), repair and maintain drainage improvements in the Village (20%), capital improvements for the Village (20%), and for support of the Village's general fund (15%).

(9) Compensation, Benefits and Other Payments to Mayor

A detail of compensation, benefits, and other payments paid to Mayor Mark Jeansonne for the period beginning September 1, 2022 through August 31, 2023 is as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,600
Benefits	545
Total	\$ 7,145

(10) Compensation Paid to Village Officials

A detail of compensation paid to the Board of Aldermen, for the year ended August 31, 2023, is as follows:

<u>Alderman:</u>	<u>Term</u>	<u>Term Expiration</u>	<u>Per Diem</u>
Ashton Dauzat	4	12/31/2024	\$ 600
Duston Moreau	4	12/31/2024	600
Jason Starkey	4	12/31/2024	600
Total			\$ 1,800

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(11) Interfund Transactions

A. The Village of Hessmer had interfund receivables or payables as follows.

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Activities:		
General Fund	\$ 3,409	\$ 2,304
Sales Tax Fund	832	98
Enterprise funds:		
Water Utility Fund	829	23,339
Sewer Utility Fund	<u>23,473</u>	<u>2,802</u>
Total	<u>\$ 28,543</u>	<u>\$ 28,543</u>

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

B. The Village of Hessmer had interfund transfers as follows.

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Activities:		
General Fund	\$ 84,562	\$ -
Sales Tax Fund	-	6,000
Enterprise funds:		
Water Utility Fund	<u>-</u>	<u>78,562</u>
Total	<u>\$ 84,562</u>	<u>\$ 84,562</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(12) On-Behalf Payment of Salaries

The State of Louisiana paid the Village's police officers \$6,000 of supplemental pay during the year ended August 31, 2023. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

VILLAGE OF HESSMER, LOUISIANA

Notes to Basic Financial Statements

(13) Litigation and Claims

On August 31, 2023, the Village was not involved in any lawsuits claiming damages that would not be adequately covered by liability insurance.

(14) Risk Management

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

(15) Utility Services Agreement

During fiscal year 2022, the Village entered into a utility services agreement with Sustainability Partners, LLC (SP) to provide certain upgrades and ongoing maintenance to the Village's water utility system. The initial term of the agreement was for one month and is automatically extended for successive additional one-month terms, unless either the Village or SP has given a written nonrenewal notice at least thirty days prior to the additional one-month term.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF HESSMER, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 63,200	\$ 68,600	\$ 68,600	\$ -
Licenses and permits	44,000	46,400	46,402	2
Intergovernmental	62,580	44,755	50,742	5,987
Fines and forfeits	75,000	81,000	83,636	2,636
Miscellaneous	19,815	28,840	28,847	7
Total revenues	<u>264,595</u>	<u>269,595</u>	<u>278,227</u>	<u>8,632</u>
Expenditures:				
General government	103,950	117,015	111,547	5,468
Public safety -				
Police	128,300	165,460	175,605	(10,145)
Fire	15,575	26,365	20,010	6,355
Recreation	5,150	5,715	5,122	593
Streets and sidewalks	28,900	34,625	34,658	(33)
Total expenditures	<u>281,875</u>	<u>349,180</u>	<u>346,942</u>	<u>2,238</u>
Deficiency of revenues over expenditures	<u>(17,280)</u>	<u>(79,585)</u>	<u>(68,715)</u>	<u>10,870</u>
Other financing sources:				
Transfers in	18,000	18,000	84,562	66,562
Net change in fund balance	720	(61,585)	15,847	77,432
Fund balance, beginning	<u>13,394</u>	<u>13,394</u>	<u>13,394</u>	<u>-</u>
Fund balance, ending	<u>\$ 14,114</u>	<u>\$ (48,191)</u>	<u>\$ 29,241</u>	<u>\$ 77,432</u>

VILLAGE OF HESSMER, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule
For the Year Ended August 31, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 159,425	\$ 160,850	\$ 162,688	\$ 1,838
Interest income	150	165	165	-
Total revenues	159,575	161,015	162,853	1,838
Expenditures:				
General government	34,320	51,255	51,486	(231)
Recreation	-	13,685	13,684	1
Public works	30,000	74,080	74,799	(719)
Capital outlay	10,000	30,460	30,461	(1)
Total expenditures	74,320	169,480	170,430	(950)
Excess (deficiency) of revenues over expenditures	85,255	(8,465)	(7,577)	888
Other financing uses:				
Transfers out	(6,000)	(6,000)	(6,000)	-
Net change in fund balance	79,255	(14,465)	(13,577)	888
Fund balances, beginning	78,623	78,623	78,623	-
Fund balances, ending	\$ 157,878	\$ 64,158	\$ 65,046	\$ 888

VILLAGE OF HESSMER, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended August 31, 2023

(1) Budget and Budgetary Accounting

The Village follows the following procedures in establishing the budget:

1. The Mayor meets with the Aldermen and Village Clerk to review the prior year revenue and expenditures as a basis for projecting the current fiscal year budget.
2. Anticipated changes from the prior year are considered and reflected in the projections.
3. Once adopted, the budget is made available for public inspection and a budget summary is published in the Village's designated official journal.
4. The Village does not formally integrate its budget as a management tool.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted or as amended by the Mayor and Aldermen. Such amendments were not material in relation to the original appropriations.

(2) Excess of Expenditures over Appropriations

The Sales Tax Fund incurred expenditures in excess of appropriations for the year ended August 31, 2023.

OTHER SUPPLEMENTARY INFORMATION

OTHER INFORMATION

VILLAGE OF HESSMER, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended August 31, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes:				
Ad valorem	\$ 25,200	\$ 26,850	\$ 26,851	\$ 1
Franchise -				
Electric	38,000	36,050	36,124	74
Gas	-	5,700	5,625	(75)
Total taxes	<u>63,200</u>	<u>68,600</u>	<u>68,600</u>	<u>-</u>
Licenses and permits:				
Occupational licenses	<u>44,000</u>	<u>46,400</u>	<u>46,402</u>	<u>2</u>
Intergovernmental:				
State of Louisiana -				
Department of Revenue and Taxation -				
Beer taxes	2,600	2,575	2,567	(8)
2% Fire insurance rebate	16,000	19,925	19,924	(1)
Department of Transportation -				
Grass cutting	2,900	2,900	2,900	-
Office of Community Development -				
Department of Public Safety -				
Police supplemental pay	-	-	6,000	6,000
Tunica Biloxi Tribe of Louisiana				
Casino revenues	40,000	18,275	18,271	(4)
Avoyelles Parish Police Jury -				
Rural fire	<u>1,080</u>	<u>1,080</u>	<u>1,080</u>	<u>-</u>
Total intergovernmental	<u>62,580</u>	<u>44,755</u>	<u>50,742</u>	<u>5,987</u>
Fines and forfeits:				
Fines and court costs	<u>75,000</u>	<u>81,000</u>	<u>83,636</u>	<u>2,636</u>
Miscellaneous:				
Interest	75	-	-	-
Rental	-	19,440	19,440	-
Other sources	<u>19,740</u>	<u>9,400</u>	<u>9,407</u>	<u>7</u>
Total miscellaneous	<u>19,815</u>	<u>28,840</u>	<u>28,847</u>	<u>7</u>
Total revenues	<u>\$ 264,595</u>	<u>\$ 269,595</u>	<u>\$ 278,227</u>	<u>\$ 8,632</u>

VILLAGE OF HESSMER, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended August 31, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government -				
Administration:				
Salaries	\$ 35,450	\$ 38,450	\$ 36,225	\$ 2,225
Per diem - Aldermen	1,800	1,800	1,800	-
Payroll taxes	2,725	2,705	2,910	(205)
Insurance	24,950	28,125	23,708	4,417
Office supplies and expenses	11,325	12,195	12,428	(233)
Dues and subscriptions	300	365	366	(1)
Legal and professional fees	6,500	5,400	5,400	-
Repairs and maintenance	3,000	7,140	7,748	(608)
Utilities and telephone	13,600	14,625	14,671	(46)
Miscellaneous	4,300	6,210	6,291	(81)
Total general government	<u>103,950</u>	<u>117,015</u>	<u>111,547</u>	<u>5,468</u>
Public safety -				
Police:				
Salaries	91,275	118,675	113,213	5,462
Payroll taxes	5,875	8,450	8,937	(487)
Fuel and oil	15,000	13,300	13,447	(147)
Repairs and maintenance	3,500	7,600	7,604	(4)
Insurance	5,000	5,435	14,334	(8,899)
Supplies	2,000	3,200	3,280	(80)
Utilities and telephone	2,800	2,900	2,902	(2)
Legal and professional fees	1,200	1,200	1,200	-
Miscellaneous	1,650	4,700	10,688	(5,988)
Total police	<u>128,300</u>	<u>165,460</u>	<u>175,605</u>	<u>(10,145)</u>

(continued)

VILLAGE OF HESSMER, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended August 31, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire -				
Salaries	3,000	3,000	3,000	-
Payroll taxes	225	210	230	(20)
Insurance	8,000	11,075	4,618	6,457
Utilities and telephone	4,100	4,030	4,112	(82)
Miscellaneous	250	8,050	8,050	-
Total fire	<u>15,575</u>	<u>26,365</u>	<u>20,010</u>	<u>6,355</u>
Recreation -				
Repairs and maintenance	500	180	200	(20)
Recreation facilities	3,000	3,450	3,472	(22)
Supplies	1,000	225	205	20
Miscellaneous	650	1,860	1,245	615
Total recreation	<u>5,150</u>	<u>5,715</u>	<u>5,122</u>	<u>593</u>
Public works -				
Repairs and maintenance	2,000	1,240	1,238	2
Fuel and oil	100	-	-	-
Supplies	2,000	7,465	7,468	(3)
Street lights and power	24,500	25,500	25,530	(30)
Utilities	300	385	389	(4)
Miscellaneous	-	35	33	2
Total streets and sidewalks	<u>28,900</u>	<u>34,625</u>	<u>34,658</u>	<u>(33)</u>
Total expenditures	<u>\$ 281,875</u>	<u>\$ 349,180</u>	<u>\$ 346,942</u>	<u>\$ 2,238</u>

VILLAGE OF HESSMER, LOUISIANA
Sales Tax Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended August 31, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government -				
Administration.				
Salaries	\$ 26,500	\$ 33,775	\$ 34,013	\$ (238)
Payroll taxes	2,000	2,600	2,602	(2)
Legal and professional fees	4,000	7,000	7,000	-
Repairs and maintenance	-	4,400	4,391	9
Miscellaneous	1,820	3,480	3,480	-
Total general government	<u>34,320</u>	<u>51,255</u>	<u>51,486</u>	<u>(231)</u>
Recreation -				
Repairs and maintenance	<u>-</u>	<u>13,685</u>	<u>13,684</u>	<u>1</u>
Public Works -				
Repairs and maintenance	<u>30,000</u>	<u>74,080</u>	<u>74,799</u>	<u>(719)</u>
Capital outlay -				
General Government	<u>10,000</u>	<u>30,460</u>	<u>30,461</u>	<u>(1)</u>
Total expenditures	<u>\$ 74,320</u>	<u>\$ 169,480</u>	<u>\$ 170,430</u>	<u>\$ (950)</u>

VILLAGE OF HESSMER
Hessmer, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by ACT 87 of the 2020 Regular Legislative Session
General Fund
Cash Basis Presentation
Year Ended August 31, 2023

	<u>First Six Month Period Ended 2/28/2023</u>	<u>Second Six Month Period Ended 08/31/2023</u>
Beginning balance of amounts collected	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Court Costs Fees	<u>38,317</u>	<u>45,319</u>
Total collections	<u>38,317</u>	<u>45,319</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Commission on Law Enforcement - Crime Victims Reparation Fund/POST LE Training	-	-
Louisiana Supreme Court - Case Management Information System	-	-
Louisiana Dept. of Health - Traumatic Head and Spinal Cord Injury Trust Fund	-	-
Central Louisiana Juvenile Detention Center	-	-
North Louisiana Criminalistics Laboratory	-	-
Louisiana Judicial College	-	-
Less: Amounts retained by collecting agency		
Criminal Court Costs Fees	<u>38,317</u>	<u>45,319</u>
Total disbursements	<u>38,317</u>	<u>45,319</u>
Total ending balance of amounts collected but not disbursed/retained	<u>\$ -</u>	<u>\$ -</u>

VILLAGE OF HESSMER, LOUISIANA

LCDBG Program - Balance Sheet
For the Year Ended August 31, 2023

	<u>2020 Sewer Rehab</u>
ASSETS	
Grant revenue receivable	<u>\$ 549,725</u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Construction contracts payable	481,385
Construction retainage payable	67,840
Other payable	<u>500</u>
Total liabilities	549,725
Fund balances:	
Restricted - Public works	<u>-</u>
Total liabilities and fund balances	<u>\$ 549,725</u>

VILLAGE OF HESSMER, LOUISIANA

LCDBG - Program Statement of Revenues, Expenditures and Change in Fund Balance
For the Year Ended August 31, 2023

	<u>2020 Sewer Rehab</u>
Revenues:	
LCDBG Program	<u>\$ 531,897</u>
Expenditures:	
Current -	
Engineering Services	31,281
Project Construction	<u>500,616</u>
Total expenditures	<u>531,897</u>
Excess of revenues over expenditures	-
Fund balances, beginning	<u>-</u>
Fund balances, ending	<u>\$ -</u>

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Mark Jeansonne, Mayor
and Members of the Board of Aldermen
Village of Hessmer, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Village of Hessmer, Louisiana (Village) as of and for the year ended August 31, 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 February 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-001 through 2023-005, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompany schedule of current and prior year audit findings and management's corrective action plan as items 2023-006 through 2023-009.

Village of Hessmer, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Hessmer, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings. Village of Hessmer, Louisiana's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
February 29, 2024

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

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

A. Internal Control Over Financial Reporting

2023-001 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred. Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Village's internal control over financial reporting includes policies and procedures that pertain to is the ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the added costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN: We evaluated the cost vs. benefit of establishing enhanced internal controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receives annual training related to their job duties and we carefully review the financial statements, related notes, and all proposed adjustments. All questions are adequately addressed by our auditors, which allows us to appropriately supervise these functions. We feel we have taken appropriate steps to reduce the financials statement risk caused by this finding.

2023-002 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred. Unknown

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

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

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

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

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

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

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

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village agrees with the finding. Due to the size of staffing, the achievement of adequate segregation of duties is desirable, but cost prohibitive. All efforts are made to segregate duties where feasible. In an effort to enhance controls the Board of Aldermen monitors activity and account balances in all funds.

2023-003 Policies and Procedures

Fiscal year finding initially occurred. 2018.

CONDITION: The Village has not adopted written policies and procedures for budgets, purchasing, processing disbursements, receipts, overtime worked in payroll, contracting, credit and debit cards, travel and expense reimbursement, ethics, debt service and disaster recovery.

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of day-to-day operations.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

CAUSE: The Village of Hessmer did not properly document policies and procedures to be followed for the areas of day-to-day operations above

EFFECT: Failure to have written policies and procedures increases the risk of not having continuity of operations and the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management is drafting a formal, written policy and procedure manual to establish guidelines that will be followed for all operations.

2023-004 Customer Deposits Subsidiary Ledger Reconciliation

Fiscal year finding initially occurred, 2018.

CONDITION: The Village is not maintaining nor reconciling a meter deposits subsidiary ledger to its meter deposits cash account, as well as the detailed general ledger liability account, on a regular basis.

CRITERIA: Internal controls should be in place to ensure all utility customer deposit activity is properly recorded.

CAUSE: The cause of the condition is the fact that the Village is not maintaining nor reconciling the customer deposit subsidiary ledger to the meter deposit cash balance nor the general ledger liability account on a reoccurring basis

EFFECT: Failure to reconcile this subsidiary ledger could result in missing cash and customers not receiving proper credit for their customer meter deposits when accounts are closed.

RECOMMENDATION: The customer deposit subsidiary ledger should be reconciled to the meter deposit cash account as well as the general ledger liability account on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review procedures related to the collections and recording of customer deposits and implement procedures to reconcile the subsidiary ledger on a monthly basis.

2023-005 Grant Program Accounting and Financial Reporting

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

Fiscal year finding initially occurred: 2023.

CONDITION: The Village's management did not establish certain accounting records for documenting LCDBG-related activities as required under 2 CFR 200.302 and 2 CFR 200, subpart E (Cost Principles).

CRITERIA: Under grant fiscal management regulations 2 CFR 200.302, *Financial Management*, the Village's accounting records must identify adequately the source and application of funds for all LCDBG-funded activities

CAUSE: The Village's management did not record financial activity related to its FY 19 Louisiana Community Development Block Grant during the current year.

EFFECT: Failure to adequately record all LCDBG-funded financial activities could prohibit management from documenting compliance with Federal statutes, regulations and the terms and conditions of the Federal award.

RECOMMENDATION: Management should design and implement policies and procedures to ensure all grant-related financial activities are recorded in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review all grant fiscal management policies and procedures and make necessary changes to ensure that all grant-related financial activities are recorded in a timely manner.

B. Compliance

2023-006 Citation Fees Collections

Fiscal year finding initially occurred: 2021.

CONDITION: The Village did not collect fees required under various state statutes related to traffic citations.

CRITERIA: Various Louisiana state statutes.

CAUSE: The Village has not implemented procedures to ensure appropriate traffic citation fees are assessed on applicable traffic citations in accordance with various state statutes.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

EFFECT: The Village has not implemented procedures to ensure appropriate traffic citation fees are assessed on applicable traffic citations in accordance with various state statutes.

RECOMMENDATION: The Village should ensure that all traffic citation fees are assessed, collected, and remitted in accordance with all applicable state statutes.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village has implemented policies and procedures along with software enhancements to ensure that all traffic citation fees are properly assessed, collected, and remitted in accordance with all applicable state statutes.

2023-007 Bond Compliance – Sinking Fund Debt Service Requirements

Fiscal year finding initially occurred: 2023.

CONDITION: The Village did not make the required payments into the Water Revenue Bonds, Series 2021 Sinking Fund on a monthly basis as required by the bond agreement

CRITERIA: Compliance requirements related to the Water Revenue Bonds, Series 2021 bond agreement.

CAUSE: The Village did not effectively monitor the monthly sinking fund payments to ensure payments were made in a timely manner.

EFFECT: The Village did not comply with the Water Revenue Bond, Series 2021 debt covenants.

RECOMMENDATION: The Village should develop and implement policies and procedures that ensure compliance with all debt agreement requirements of the Village.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Village is developing and implementing policies and procedures to ensure compliance with all debt agreement requirements in the future.

2023-008 Budgeted Fund Deficit

Fiscal year finding initially occurred: 2023.

CONDITION: The Village of Hessmer budgeted a fund deficit of \$61,585 in the General Fund for the year ended August 31, 2023.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

CRITERIA: LA R.S. 39:1305, *Budget Preparation*, requires that budgeted expenditures not exceed available funds which include beginning fund balance and current year revenues, combined

CAUSE: Management did not implement policies and procedures to ensure that current year's General Fund expenditures did not exceed current year's revenues and beginning fund balance, combined.

EFFECT. The Village of Hessmer did not comply with the provisions of LA R.S. 39:1305, *Budget Preparation*.

RECOMMENDATION: The Village of Hessmer should implement policies and procedures to closely monitor current available resources to ensure compliance with the provisions of LA R.S. 39:1305, *Budget Preparation*. In addition, management should perform a review of future General Fund operations to develop a plan to eliminate the fund balance deficit in future years

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will review the Village's fiscal management policies and procedures to ensure all provisions of LA R.S. 39:1305, *Budget Preparation*, are complied with in the future. Also, a complete review of the Village's operations will be conducted to identify additional General Fund revenue sources and opportunities to reduce expenditures in an effort to eliminate the General Fund deficit in the future.

2023-009 Prevention of Sexual Harassment Law

Fiscal year finding initially occurred: 2023.

CONDITION: The Village of Hessmer failed to comply with the provisions of LA R.S. 42:341-345 *Prevention of Sexual Harassment*

CRITERIA: LA R.S. 42:341-345, *Prevention of Sexual Harassment*, includes certain mandatory policy provisions, sexual harassment training, and reporting.

CAUSE: Management has not implemented policies and procedures to ensure compliance with the provisions of LA R.S. 42:341-345, *Prevention of Sexual Harassment*.

EFFECT. The Village of Hessmer did not comply with the provisions of LA R.S. 42:341-345, *Prevention of Sexual Harassment*

RECOMMENDATION: The Village of Hessmer should implement policies and procedures to ensure compliance with the provisions of LA R.S. 42:341-345, *Prevention of Sexual Harassment*.

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

MANAGEMENT'S CORRECTIVE ACTION PLAN: Management will develop policies and procedures related to the provisions of LA R.S. 42:341-345, *Prevention of Sexual Harassment*, to ensure all provisions of the law are complied with in the future.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2022-001 Application of Generally Accepted Accounting Principles (GAAP)

CONDITION: The Village of Hessmer does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP)

RECOMMENDATION: Management should evaluate the added costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

CURRENT STATUS: : Unresolved. See item 2023-001.

2022-002 Inadequate Segregation of Accounting Functions

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

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

CURRENT STATUS: Unresolved. See item 2023-002.

2022-003 Policies and procedures

CONDITION: The Village of Hessmer has not adopted written policies and procedures for budgets, purchasing, processing disbursements, receipts, overtime worked in payroll, contracting, credit and debit cards, travel and expense reimbursement, ethics, and debt service.

RECOMMENDATION: Management should adopt formal written policies and procedures for each of the functions noted above.

CURRENT STATUS: Unresolved. See item 2023-003.

2022-004 Customer Deposits Subsidiary Ledger Reconciliation

VILLAGE OF HESSMER, LOUISIANA

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended August 31, 2023

CONDITION: The Village of Hessmer is not maintaining nor reconciling a meter deposits subsidiary ledger to its meter deposits cash account, as well as the detailed general ledger liability account, on a regular basis.

RECOMMENDATION: The customer deposit subsidiary ledger should be reconciled to the meter deposit cash account as well as the general ledger liability account on a monthly basis.

CURRENT STATUS: Unresolved. See item 2023-004.

B. Compliance

2022-005 Traffic Citations

CONDITION: The Village is not ensuring that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2

RECOMMENDATION: The Village should ensure that all traffic citations are accounted for in accordance with LA R.S. 32:398.1 and 32:398.2.

CURRENT STATUS: Resolved

2022-006 Citation Fees Collections

CONDITION: The Village failed to collect fees required under various state statutes related to traffic citations

RECOMMENDATION: The Village should ensure that all traffic citation fees are assessed, collected, and remitted in accordance with all applicable state statutes.

CURRENT STATUS: Unresolved. See item 2023-006

2022-007 Record Retention Issues

CONDITION: In the course of conducting the audit, it was noted that the Village was unable to provide sufficient supporting documentation for selected transactions when requested.

RECOMMENDATION: The Village should develop policies and procedures to ensure that proper supporting documentation is maintained for all transactions as required by state statutes.

CURRENT STATUS: Resolved

Village of Hessmer
Hessmer, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period September 1, 2022 through August 31, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Alderman of the
Village of Hessmer, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period September 1, 2022 through August 31, 2023. The Village of Hessmer, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

The Village of Hessmer, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period September 1, 2022 through August 31, 2023. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii) ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and

purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

- iii) **Disbursements**, including processing, reviewing, and approving.
- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) **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).
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42.1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the procedures and discussed the results with management.

- xii) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii) For those entities reporting on the governmental accounting model, observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii) For governmental entities, obtained the prior year audit report and observed 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, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
 - iv) Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtained a listing of entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
- i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
 - ii) Bank reconciliations included 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).
 - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected 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 observed that job duties are properly segregated at each collection location such that:
 - i) Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii) 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.
 - iii) 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.
 - iv) 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.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash and observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits 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.* Obtained supporting documentation for each of the 10 deposits and:
 - i) Observed that receipts are sequentially pre-numbered.
 - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii) Traced the deposit slip total to the actual deposit per the bank statement.
 - iv) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v) Traced the actual deposit per the bank statement to the general ledger.

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

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

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

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - i) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) 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.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - i) If reimbursed using a per diem, observed 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).
 - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those

individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii.)

- iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtained 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.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, that approval was documented).
 - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
 - i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.
- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and
 - i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

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

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the

misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

- B. Observed 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.

13) Information Technology Disaster Recovery/ Business Continuity

- A. Performed the following procedures and verbally discussed the results with management:
 - i) Obtained and inspected 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 observed that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
 - iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.
- B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
 - i) Number and percentage of public servants in the agency who have completed the training requirements.

- ii) Number of sexual harassment complaints received by the agency.
- iii) Number of complaints which resulted in a finding that sexual harassment occurred.
- iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions.
- v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Written Policies:

The Village of Hessmer, Louisiana did not have written policies and procedures addressing the following:

- **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
- **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
- **Disbursements**, including processing, reviewing, and approving.
- **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- **Payroll/Personnel**, (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- **Credit Cards (and debit cards, fuel cards, 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).
- **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is

maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

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

Board or Finance Committee:

Of the twelve board meetings, none of the minutes referenced budget-to-actual comparisons and only six referenced monthly financial statements.

Bank Reconciliations:

Three of five reconciliations did not show evidence of researching items outstanding longer than twelve months.

Cash Collections:

Cash collection drawers are shared amongst employees.

Employees who are responsible for cash collections are also responsible for preparing and making bank deposits.

Non-payroll Disbursements:

Two employees are not involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There is no policy in place prohibiting employees responsible for processing payments from adding/modifying vendor files.

Employees authorized to sign checks are also responsible for processing payments and mailing the payments.

Disbursement documentation did not include evidence of segregation of duties.

Credit/Debit/Fuel/Purchasing Cards:

There was no evidence that monthly statements and supporting documentation were reviewed and approved in writing by someone other than the authorized card holder.

One of ten transactions tested was not supported by an original itemized receipt.

Nine of ten transactions tested did not have written documentation of the business/public purpose.

Travel and Travel Related Expense Reimbursements:

Three of five reimbursements tests were not supported by the documentation of the business/public purpose.

One of five reimbursements tested did not include the names of the individuals participating in meals.

Five of five reimbursements tested did not show evidence that the reimbursement was approved in writing by someone other than the person receiving the reimbursement.

Payroll and Personnel:

One of five employees selected for testing did not have documentation of daily attendance and leave.

One of five employees selected for testing did not have supervisor approval of their timesheet.

The rate paid to five of five employees could not be agreed to an authorized salary/pay rate schedule.

Ethics:

For two of five employees selected for testing, documentation was not provided to demonstrate that the employees completed one hour of ethics training.

Debt Service:

The Village did not comply with the debt reserve requirements of the debt service covenants.

Fraud Notice:

The Village did not have the fraud notice as required by R.S. 24:523.1 posted on its premises.

Sexual Harassment:

For five of five employees selected for testing, sexual harassment training documentation was not provided to support that the employees completed at least one hour of sexual harassment training.

The Village did not prepare an annual sexual harassment report as required by R.S. 42:344.

Management's Response:

The management of the Village of Hessmer, Louisiana concurs with the exceptions and is working to address the deficiencies identified.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
February 29, 2024