

**Village of Hosston
Hosston, Louisiana**

Financial Statement with Auditors' Report

As of and for the Year Ended December 31, 2023

Village of Hosston, Louisiana
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Independent Auditors' Report

To the Honorable Kim Jaynes, Mayor
and the Village Council
Village of Hosston, Louisiana
Hosston, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Hosston, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village of Hosston's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the governmental activities, the business-type activities, and each major fund of the Village of Hosston, as of December 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Hosston and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Hosston'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional 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 Village of Hosston's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Village of Hosston'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 23 – 24 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management 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 the 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

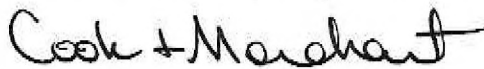
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village of Hosston's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 25 - 26 is presented for purposes of additional analysis and is not a required part of the

basic financial statements. The other supplementary 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. Such 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Village of Hosston prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 27, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The 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. Such 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, shown on page 27, is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, on our consideration of the Village of Hosston'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 Hosston'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 Hosston's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
September 30, 2024

Village of Hosston
Hosston, Louisiana
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 169,636	\$ 165,926	\$ 335,562
Restricted cash and cash equivalents		12,442	12,442
Investments	351,307		351,307
Receivables	49,423	13,313	62,736
Capital assets, net			
Non-depreciable	37,357	3,262	40,619
Depreciable (net)	89,930	663,279	753,209
Internal balances	(84,496)	84,496	
Total assets	<u>613,157</u>	<u>942,718</u>	<u>1,555,875</u>
Liabilities			
Accounts payable	1,362		1,362
Unearned revenue	100,841		100,841
Payable from restricted assets:			
Customer deposits		12,442	12,442
Total liabilities	<u>102,203</u>	<u>12,442</u>	<u>114,645</u>
Net Position			
Net investment in capital assets	127,287	666,541	793,828
Restricted - system repairs		50,000	50,000
Restricted - culture and recreation	60,500		60,500
Unrestricted	323,167	213,735	536,902
Total net position	<u>\$ 510,954</u>	<u>\$ 930,276</u>	<u>\$ 1,441,230</u>

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Statement of Activities
For the Year Ended December 31, 2023

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
			Operating	Capital		Business-	
	Expenses	Charges for	Grants and	Grants and	Governmental	Type	Total
		Services	Contributions	Contributions	Activities	Activities	
<u>Functions/Programs:</u>							
Governmental activities:							
General government	\$ 144,992	\$	\$ 69,203	\$ 65,000	\$ (10,789)	\$	\$ (10,789)
Public works	6,351				(6,351)		(6,351)
Public safety	14,189	300			(13,889)		(13,889)
Total governmental activities	165,532	300	69,203	65,000	(31,029)		(31,029)
Business-type activities							
Water	249,534	113,743	140,000			4,209	4,209
Total business-type activities	249,534	113,743	140,000			4,209	4,209
Total government	\$ 415,066	\$ 114,043	\$ 209,203	\$ 65,000	(31,029)	4,209	(26,820)
General revenues:							
Franchise taxes					54,629		54,629
Sales taxes					27,520		27,520
Investment earnings					16,784	2,580	19,364
Licenses and permits					53,910		53,910
Miscellaneous					3,343	1,594	4,937
Total general revenues					156,186	4,174	160,360
Changes in net position					125,157	8,383	133,540
Net position, beginning					385,797	921,893	1,307,690
Net position, ending					\$ 510,954	\$ 930,276	\$ 1,441,230

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Balance Sheet
Governmental Fund
December 31, 2023

Assets	<u>General</u>
Cash and cash equivalents	\$ 169,636
Investments	351,307
Receivables	<u>49,423</u>
Total Assets	<u><u>\$ 570,366</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 1,362
Unearned revenue	100,841
Advance from enterprise fund	<u>84,496</u>
Total liabilities	<u>186,699</u>
Fund balance	
Restricted - culture and recreation	60,500
Unassigned	<u>323,167</u>
Total Fund Balance	<u>383,667</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	<u>127,287</u>
Net Position of Governmental Activities	<u><u>\$ 510,954</u></u>

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2023

	General
Revenues:	
Franchise taxes	\$ 54,629
Sales taxes	27,520
Interest earnings	16,784
Intergovernmental	134,203
Licenses and permits	53,910
Fines	300
Miscellaneous	3,343
Total revenues	<u>290,689</u>
Expenditures:	
Current	
General government	137,211
Public works	6,352
Public safety	14,189
Capital outlay	23,335
Total expenditures	<u>181,087</u>
Net change in fund balance	109,602
Fund balance, beginning of year	<u>274,065</u>
Fund balance, end of year	<u><u>\$ 383,667</u></u>

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of the Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2023

Net change in fund balance - governmental fund	\$	109,602
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Amounts reported for governmental activities in the Statement of Activities are different because:

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$23,335) exceeds depreciation (\$7,780) in the current period.

15,555

Change in Net Position of Governmental Activities

	\$	125,157
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The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Statement of Net Position
Proprietary Fund
December 31, 2023

	Business-Type Activities Enterprise Fund <u>Water Fund</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 165,926
Accounts receivable	13,313
Cash and cash equivalents - restricted	<u>12,442</u>
Total current assets	<u>191,681</u>
Noncurrent assets	
Advance to general fund	84,496
Land	3,262
Water system	2,033,669
Less: accumulated depreciation	<u>(1,370,390)</u>
Total noncurrent assets	<u>751,037</u>
Total assets	<u>942,718</u>
Liabilities	
Current liabilities	
Payable from restricted assets:	
Customer deposits	<u>12,442</u>
Total current liabilities	<u>12,442</u>
Net position	
Net investment in capital assets	666,541
Restricted - system repairs	50,000
Unrestricted	<u>213,735</u>
Total net position	<u>\$ 930,276</u>

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Fund <u>Water Fund</u>
Operating Revenues	
Charges for services - water service charges	\$ 113,743
Total operating revenues	<u>113,743</u>
Operating Expenses	
Contract labor	24,000
Miscellaneous	4,243
Office expense	1,406
Repair and maintenance	122,780
Safe drinking water fee	2,767
Personnel	5,787
Supplies	12,451
Telephone	2,109
Utilities	7,135
Depreciation	66,856
Total operating expenses	<u>249,534</u>
Operating income (loss)	<u>(135,791)</u>
Non-Operating Revenues	
Interest income	2,580
Miscellaneous revenue	1,594
Intergovernmental - Caddo Parish Commission	140,000
Total non-operating revenues	<u>144,174</u>
Change in net position	8,383
Total net position, beginning of year	<u>921,893</u>
Total net position, end of year	<u>\$ 930,276</u>

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Business-Type Activities Enterprise Fund Water Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 110,666
Cash payments to suppliers for goods and services	(176,841)
Cash payments to employees for services	(8,740)
Net cash (used in) operating activities	<u>(74,915)</u>
Cash Flows from Investing Activities	
Interest income	<u>2,580</u>
Net cash provided by investing activities	<u>2,580</u>
Cash Flows From Non-Capital Financing Activities	
Net change in interfund loans	14,580
Intergovernmental - Caddo Parish Commission	140,000
Other income	1,594
Net cash provided by non-capital financing activities	<u>156,174</u>
Net increase in cash	83,839
Cash, beginning of year	<u>94,529</u>
Cash, end of year	<u>\$ 178,368</u>
Cash and cash equivalents are reflected on the Statement of Net Position as follows:	
Cash and cash equivalents	\$ 165,926
Cash and cash equivalents - restricted	12,442
Total	<u>\$ 178,368</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (135,791)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	66,855
Accounts receivable	(1,989)
Payroll liabilities	(2,953)
Accounts payable	(1,037)
Net cash provided by operating activities	<u>\$ (74,915)</u>

The accompanying notes are an integral part of this statement.

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023

Introduction

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

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

(1) Summary of Significant Accounting Policies

The Village of Hosston's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Village of Hosston are discussed below.

A. Reporting Entity

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

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

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

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

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

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

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

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

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

B. Basic Financial Statements – Government-Wide Statements

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

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

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

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

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

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

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

C. Basic Financial Statements – Fund Financial Statements

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

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

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

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

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

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

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

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

1. Accrual:

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

2. Modified Accrual:

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

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits same to Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget is adopted on a cash basis for all funds. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen.

F. Cash, Cash Equivalents, and Investments

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

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

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

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

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

H. Revenues

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

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Restricted net position consists of assets that are restricted by limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Village's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

J. Sales Taxes

The Village passed an ordinance establishing a 1% sales tax, effective April 1, 2022, to be used to support the general fund.

K. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

L. Use of Estimates

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

M. Bad Debts

Uncollectible amounts due for customer's 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. For the years ending December 31, 2023, accounts receivable for the Enterprise fund is shown net of an allowance of \$1,089.

N. Statement of Cash Flows

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

O. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purpose due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can be used only for the specific purpose as a result of constraints imposed by the Village Council (the Village's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Village removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned – amounts that are constrained by the Village's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned – all amounts not included in other spendable classifications.

The Village's policy is to apply expenditures against restricted fund balance and then to other, less-restricted classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as assigned fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

P. Postretirement Benefits

The Village provides no postretirement benefits to its employees.

Q. Compensated Absences

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

R. Deferred Outflows/Inflows of Resources

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

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

S. Fair Value Measurements

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

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

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

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

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

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

(2) Cash, Cash Equivalents, and Investments

At December 31, 2023, the Village had cash, cash equivalents, and investments (book balances), totaling \$699,311, as detailed below.

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2023 (book balances) totaled \$348,004, of which \$12,442 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at December 31, 2023, consisted of certificates of deposit totaling \$351,307 with maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2023, \$190,420 of the Village's bank balances totaling \$703,384 was exposed to custodial credit risk as uninsured and collateral held by pledging bank's trust department not in Village's name.

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

(3) Unearned Revenue

Unearned revenue at December 31, 2023, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Village plans to use those funds in subsequent years.

(4) Advance to General Fund

In 2020, the Village combined cash account for the General and Enterprise funds, which created an advance to the general fund and an advance from the enterprise fund totaling approximately \$84,496. This amount is shown in the accompanying fund financial statements as advance to enterprise fund and advance from general fund and is included in internal balances on the accompanying government-wide financial statements. The Village plans to reimburse the enterprise fund periodically until the balance is paid off.

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

(5) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 23,857	\$	\$	\$ 23,857
Construction in process		13,500		13,500
Total capital assets, not being depreciated	<u>23,857</u>	<u>13,500</u>		<u>37,357</u>
Capital assets, being depreciated				
Buildings and other improvements	166,562			166,562
Equipment and vehicles	111,318	9,835	(4,349)	116,804
Furnishings and fixtures	10,869			10,869
Roads, parks, recreation	57,149			57,149
Total capital assets being depreciated	<u>345,898</u>	<u>9,835</u>	<u>(4,349)</u>	<u>351,384</u>
Less accumulated depreciation for:				
Buildings and other improvements	(100,893)	(3,702)		(104,595)
Equipment and vehicles	(92,778)	(3,411)	4,349	(91,840)
Furnishings and fixtures	(10,868)			(10,868)
Roads, parks, recreation	(53,484)	(667)		(54,151)
Total accumulated depreciation	<u>(258,023)</u>	<u>(7,780)</u>	<u>4,349</u>	<u>(261,454)</u>
Total capital assets being depreciated, net	<u>87,875</u>	<u>2,055</u>		<u>89,930</u>
Governmental activities capital assets, net	<u>\$ 111,732</u>	<u>\$ 15,555</u>	<u>\$</u>	<u>\$ 127,287</u>

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 3,262	\$	\$	\$ 3,262
Total capital assets, not being depreciated	3,262			3,262
Capital assets, being depreciated				
Buildings and other improvements	4,000			4,000
Equipment and vehicles	46,085			46,085
Water system and improvements	1,983,584			1,983,584
Total capital assets, being depreciated	2,033,669			2,033,669
Less accumulated depreciation for:				
Buildings and other improvements	(3,200)	(800)		(4,000)
Water system and improvements	(1,300,335)	(66,055)		(1,366,390)
Total accumulated depreciation	(1,303,535)	(66,855)		(1,370,390)
Total capital assets being depreciated, net	730,134	(66,855)		663,279
Business-type activities capital assets, net	\$ 733,396	\$ (66,855)	\$	\$ 666,541

Depreciation expense for the year ended December 31, 2023 was charged as follows:

Governmental activities:	
General	\$ 6,999
Public safety	781
	<u>\$ 7,780</u>
Business-type activities	
Water	<u>\$ 66,855</u>

(Continued)

Village of Hosston
Hosston, Louisiana
Notes to the Financial Statements
December 31, 2023
(Continued)

(6) Receivables

Receivables at December 31, 2023 are as follows:

Governmental activities:	
License and permits	\$ 10,489
Franchise tax	13,603
Sales tax	675
Intergovernmental	18,016
Accrued interest	<u>6,640</u>
	<u>\$ 49,423</u>
Business-type activities:	
Water charges	\$ 13,313
	<u>\$ 13,313</u>

(7) Restricted Assets – Cash and Cash Equivalents

Restricted assets were applicable to the following at December 31, 2023:

	Enterprise Fund
Customer deposits	<u>\$ 12,442</u>

(8) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$12,442 at December 31, 2023.

(9) Commitments

As of December 31, 2023, the Village of Hosston has commitments for construction, engineering, and other contracts of approximately \$446,088. As of December 31, 2023, approximately \$103,500 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$342,588, which will be incurred subsequent to December 31, 2023. Funding for these projects will be provided, in part, by funds from the Caddo Parish Commission, Shreve Memorial Library, and Louisiana Community Development Block Grant.

(10) Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village attempts to minimize risk from significant losses through the purchase of insurance.

(11) Subsequent Events

Subsequent events have been evaluated through September 30, 2024, the date the financial statements were available to be issued.

Village of Hosston
Hosston, Louisiana
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget (Cash Basis) and Actual
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Revenues	Original	Final	Actual Amount	
Franchise taxes	\$ 58,000	\$ 58,000	\$ 57,393	\$ (607)
Sales tax	20,420	27,500	27,979	479
Interest earnings	6,000	6,345	13,794	7,449
Intergovernmental	229,200	85,670	96,984	11,314
Licenses and permits	55,000	50,200	50,153	(47)
Fines	8,000	300	300	
Miscellaneous	13,800	13,862	14,256	394
Total revenues	390,420	241,877	260,859	18,982
Expenditures				
Current				
General government	335,756	280,830	137,810	143,020
Public works	20,130	19,180	8,392	10,788
Public safety	33,034	17,363	14,189	3,174
Capital outlay	1,500	1,500	23,335	(21,835)
Total expenditures	390,420	318,873	183,726	135,147
Excess (deficiency) of revenues over expenditures		(76,996)	77,133	154,129
Fund balance, beginning of year		363,195	363,195	
Fund balances, end of year	\$	\$ 286,199	\$ 440,328	\$ 154,129

Village of Hosston
Hosston, Louisiana
Notes to Required Supplementary Information
December 31, 2023

The Village's budget is adopted on a cash basis for all funds. There was one amendment to the December 31, 2023 budget. Budget comparison statements included in the accompanying financial statements include the original adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 77,133
Adjustments:	
Revenue accruals – net	29,830
Expenditure accruals - net	<u>2,639</u>
Excess of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ 109,602</u>

Village of Hosston
Hosston, Louisiana
Schedule of Compensation Paid to Council Members and Mayor
For the Year Ended December 31, 2023

Mayor:

Kim Jaynes	\$	6,600
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Council Members:

Misti Banks	1,500
Henry Blunt	1,500
Vicki Carter	500
Larry Pappan	625
Tiffany Payton	375
	<u>\$ 11,100</u>

Village of Hosston
Hosston, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head: Kim Jaynes, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 6,600
Per diem	825
Milage	3,061
Travel	1,759
Registration fees	703

Village of Hosston
Hosston, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2023

Cash Basis Presentation	January 2023 - June 2023	July 2023 - December 2023
Beginning Balance of Amounts Collected (i.e. cash on hand)	0	300
Add: Collections		
Criminal Fines - Other	300	-
Subtotal Collections	300	-
Less: Disbursements to Governments and Nonprofits		
None		
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other	-	-
Subtotal Disbursements/Retainage	-	-
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	300	300
Ending Balance of "Partial Payments" Collected but not Disbursed	0	0

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	0	0
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	0	0

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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

Independent Auditor's Report

To the Honorable Kim Jaynes, Mayor
and the Village Council
Village of Hosston, Louisiana
Hosston, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Hosston, Louisiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Village of Hosston's basic financial statements, and have issued our report thereon dated September 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Village of Hosston's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hosston's internal control. Accordingly, we do not express an opinion on the effectiveness of Village of Hosston'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 identified a certain deficiency in internal control, described in the accompanying Summary Schedule of Current Audit Findings as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

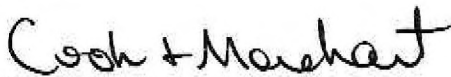
As part of obtaining reasonable assurance about whether the Village of Hosston's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 accompanying Summary Schedule of Current Year Audit Findings as items 2023-002 and 2023-003.

Village of Hosston's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Hosston's response to the findings identified in our audit and described in the accompanying schedule of current year audit findings. Village of Hosston's response was not subjected 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.



Cook & Morehart
Certified Public Accountants
September 30, 2024

Village of Hosston
Hosston, Louisiana
Schedule for Louisiana Legislative Auditor
Summary Schedule of Current Year Audit Findings
December 31, 2023

There were two findings for the current year audit ended December 31, 2023.

2023-001 Material Weakness – Segregation of Duties

Condition: During our audit, we noted that one individual was responsible for receiving funds, depositing funds, recording transactions in the general ledger, posting receipts in the subsidiary billing software, and reconciling the bank accounts. In addition, there was no evidence of review or approval with regards to customer account balances in the subsidiary water billing software. Furthermore, a report of all billing adjustments posted in the subsidiary billing software was not printed and reviewed on a periodic basis by someone independent of the receipt and posting functions.

Criteria: Internal controls should be in place to adequately account for all collections at the Village, including proper segregation of duties.

Cause: Appropriate controls were not in place to ensure an appropriate segregation of duties with regards to certain receiving functions. The Village only has one clerk who is responsible for all receipt functions.

Effect: Without proper controls over the receipt function, including the posting of deposits in the general ledger and subsidiary billing software and posting of billing adjustments, incorrect information could be entered or errors could be made and not detected by Village personnel.

Recommendation: We recommend that the Village implement controls to provide a proper segregation of duties over the receipt function, to include a documented review and approval of receipts-daily work and postings to customer accounts in the subsidiary billing software, by an individual not responsible for collections. Controls should also include a review of billing adjustments reports on a periodic basis to ensure all adjustments posted in the subsidiary billing software were approved prior to posting.

Views of Responsible Officials and Planned Corrective Actions: The Village of Hosston is a small village with limited funds. Due to the size of our village and the work load involved, it is not feasible to hire more than one employee to run our business office. The Mayor does currently review bank statements and bank reconciliations on a monthly basis. The Mayor does also review daily work and customer account balances in the subsidiary billing software, but does not document that review. We will implement additional controls where possible, including having the Mayor document review of receipts-daily work, accounts receivable-customer account balances in the subsidiary billing software, and billing adjustment reports.

(Continued)

Village of Hosston
Hosston, Louisiana
Schedule for Louisiana Legislative Auditor
Summary Schedule of Current Year Audit Findings
December 31, 2023
(Continued)

2023-002 Finding - Payroll

Finding: During our audit, we noted that the pay for the Town Clerk did not appear to have been calculated correctly, in accordance with Town ordinance.

Criteria: The pay rate for the Town Clerk is set by Ordinance by the Town Council.

Cause: It appears that the pay rate for the Town Clerk was calculated incorrectly based upon 48 weeks per year, rather than 52 weeks per year.

Effect: It appears that the Town Clerk was paid more than the approved pay per Town Ordinance by approximately \$2,860. Repayments were made to the Town totaling approximately \$939, leaving a balance of overpayment totaling approximately \$1,921 as of December 31, 2023.

Recommendation: We recommend that the Town work with its legal council regarding appropriate resolution of this matter.

Views of Responsible Officials and Planned Corrective Actions: The Town has contacted legal council to pursue collection of the amounts due.

2023-003 Finding – Late Submission of Audit

Finding: The audit for the year ended December 31, 2023, was not submitted timely in accordance with the state audit law.

Criteria: Audit reports are required to be submitted no later than six months after the entity's fiscal year end.

Cause: The Town initially engaged for a review for the year ended December 31, 2023, but it was later determined that an audit would be required.

Effect: The audit for the year ended December 31, 2023, was not submitted timely, in accordance with the state audit law.

Recommendation: We recommend that the Town implement procedures for ensuring compliance with reporting requirements as per the state audit law.

Views of Responsible Officials and Planned Corrective Actions: Although the Town engaged timely for the review engagement for the year ended December 31, 2023, the required change from a review engagement to an audit engagement required additional time for completion.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Kim Jaynes, Mayor
and the Village Council
Village of Hosston, 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 January 1, 2023 through December 31, 2023. The Village of Hosston's management is responsible for those C/C areas identified in the SAUPs.

The Village of Hosston has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2023 through December 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - 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 rates 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, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. Noted the following exception:

Exception: The Village does not have written policies and procedures.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or*

included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. No exceptions noted.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. No exceptions noted.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

- 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, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. Noted the following exceptions:

Exception: Two deposits totaling \$150 did not have receipts attached.

Exception: Employees share the same cash drawer.

Exception: Employees that collect cash can also post collection entries and reconcile cash collections to the general ledger and subsidiary ledgers and reconcile documentation to the deposit.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or 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; and
 - 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 procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. Noted the following exception:

Exception: The employee responsible for processing payments can add/modify vendor files.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each

statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. No exceptions noted.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

8) Contracts

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

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

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

Procedures performed. No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

10) Ethics

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

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

Procedures performed. No exceptions noted.

11) Debt Service

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

The Village does not have any debt.

12) Fraud Notice

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

Management represented that there were no misappropriations of public funds or assets during the fiscal year.

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

Procedures performed. No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedures #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - 1. Hired before June 9, 2020 – Completed the training; and
 - 2. Hired on or after June 9, 2020 – Completed the training within 30 days of initial service or employment.

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, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - 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 action; and
 - v. Amount of time it took to resolve each complaint.

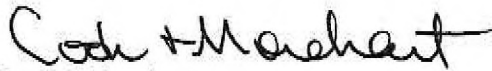
Procedures performed. No exceptions noted.

We were engaged by The Village of Hosston, 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 Hosston, 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.



Cook & Morehart
Certified Public Accountants
September 30, 2024

VILLAGE OF HOSSTON

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Clerk: Hayden Linn
Police Chief: Ramona Anders

Alderman: Misti Banks
Alderman: Henry Blunt
Alderman: Vicki Carter

September 30, 2024

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

The Village of Hosston submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2023:

Exception: The Village does not have written policies and procedures.

Response: The Village will prepare policies and procedures and submit them to the Town Council for approval.

Exception: Two (2) deposits totaling \$150 did not have receipts attached.

Response: The Village will ensure all receipts are attached to deposits.

Exception: Employees share the same cash drawer.

Response: The Village will consider controls to establish separate cash drawers.

Exceptions: Employees that collect cash can also post collection entries and reconciles cash collections to the general ledger and subsidiary ledgers and reconciles documentation to the deposit.

Response: Due to the size of the Village, workload involved, and limited funds, it may not be feasible to provide additional segregation of duties in this area.

Exception: Employee responsible for processing payments can add/modify vendor files.

Response: All payments are approved by management prior to disbursement.

Sincerely,


Kim Jaynes, Mayor