

VILLAGE OF LOREAUVILLE, LOUISIANA

Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

*A Professional Accounting Corporation

The Honorable Brad Clifton, Mayor
and the Members of the Board of Aldermen
Village of Loreauville, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Loreauville, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village of Loreauville, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village of Loreauville, Louisiana, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Loreauville, Louisiana 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 Loreauville,

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Loreauville, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Loreauville, Louisiana'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 and notes on pages 35 through 37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and

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

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedules for the general fund – revenues and expenditures, the schedule of insurance in force, and the schedule of number of water customers but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2023, on our consideration of the Village of Loreauville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Loreauville, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Loreauville, Louisiana's internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
September 4, 2023

BASIC FINANCIAL STATEMENTS

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

VILLAGE OF LOREAUVILLE

Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,442,934	\$ 269,615	\$ 1,712,549
Internal balances	(262,247)	262,247	-
Receivables, net	95,472	29,688	125,160
Prepaid items	6,273	2,234	8,507
Total current assets	<u>1,282,432</u>	<u>563,784</u>	<u>1,846,216</u>
Noncurrent assets:			
Restricted cash	345,700	31,711	377,411
Capital assets:			
Land and construction in progress	1,266,254	5,000	1,271,254
Capital assets, net	<u>1,976,328</u>	<u>1,277,129</u>	<u>3,253,457</u>
Total noncurrent assets	<u>3,588,282</u>	<u>1,313,840</u>	<u>4,902,122</u>
Total assets	<u>4,870,714</u>	<u>1,877,624</u>	<u>6,748,338</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries, and other payables	14,481	7,385	21,866
Retainage payable	52,286	-	52,286
Unearned revenue	-	265,325	265,325
Bonds payable	<u>52,000</u>	<u>-</u>	<u>52,000</u>
Total current liabilities	<u>118,767</u>	<u>272,710</u>	<u>391,477</u>
Noncurrent liabilities:			
Bonds payable	587,900	-	587,900
Customer deposits payable	<u>-</u>	<u>31,711</u>	<u>31,711</u>
Total noncurrent liabilities	<u>587,900</u>	<u>31,711</u>	<u>619,611</u>
Total liabilities	<u>706,667</u>	<u>304,421</u>	<u>1,011,088</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	2,806,151	1,282,129	4,088,280
Restricted	142,231	-	142,231
Unrestricted	<u>1,215,665</u>	<u>291,074</u>	<u>1,506,739</u>
Total net position	<u>\$ 4,164,047</u>	<u>\$ 1,573,203</u>	<u>\$ 5,737,250</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

Statement of Activities
For the Year Ended June 30, 2023

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 152,344	\$ 60,011	\$ -	\$ -	\$ (92,333)	\$ -	\$ (92,333)
Public safety	90,911	-	-	848,105	757,194	-	757,194
Public works	177,015	-	-	-	(177,015)	-	(177,015)
Interest on long-term debt	22,016	-	-	-	(22,016)	-	(22,016)
Total governmental activities	<u>442,286</u>	<u>60,011</u>	<u>-</u>	<u>848,105</u>	<u>465,830</u>	<u>-</u>	<u>465,830</u>
Business-type activities:							
Wastewater	239,104	154,076	-	-	-	(85,028)	(85,028)
Total business-type activities	<u>239,104</u>	<u>154,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,028)</u>	<u>(85,028)</u>
Total	<u>\$ 681,390</u>	<u>\$ 214,087</u>	<u>\$ -</u>	<u>\$ 848,105</u>	<u>465,830</u>	<u>(85,028)</u>	<u>380,802</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					20,529	20,209	40,738
Sales and use taxes, levied for general purposes					273,825	-	273,825
Franchise and other taxes					93,069	-	93,069
Grants and contributions not restricted to specific programs					28,780	-	28,780
Miscellaneous					13,855	3,502	17,357
Transfers					11,868	(11,868)	-
Total general revenues and transfers					<u>441,926</u>	<u>11,843</u>	<u>453,769</u>
Change in net position					907,756	(73,185)	834,571
Net Position - July 1, 2022					<u>3,256,291</u>	<u>1,646,388</u>	<u>4,902,679</u>
Net Position - June 30, 2023					<u>\$ 4,164,047</u>	<u>\$ 1,573,203</u>	<u>\$ 5,737,250</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

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

Special Revenue Fund

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

Sales Tax Fund -

To account for the receipt and use of proceeds of the Village's 1 1/2% sales and use tax. These taxes may be used as described in Note (7).

Enterprise Fund

Sewerage and Garbage Fund -

To account for the provision of sewer, garbage, and recycling and curbside debris removal services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF LOREAUVILLE

Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and interest-bearing deposits	\$ 667,233	\$ 1,121,401	\$ 1,788,634
Due from other funds	74,132	-	74,132
Receivables:			
Taxes and licenses	-	25,257	25,257
Other	70,215	-	70,215
Prepaid items	<u>5,047</u>	<u>1,226</u>	<u>6,273</u>
Total assets	<u>\$ 816,627</u>	<u>\$ 1,147,884</u>	<u>\$ 1,964,511</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 262,247	\$ 74,132	\$ 336,379
Accounts payable	6,268	85	6,353
Retainage payable	<u>52,286</u>	<u>-</u>	<u>52,286</u>
Total liabilities	<u>320,801</u>	<u>74,217</u>	<u>395,018</u>
Fund balances -			
Nonspendable	5,047	1,226	6,273
Restricted	345,700	-	345,700
Assigned	-	1,072,441	1,072,441
Unassigned	<u>145,079</u>	<u>-</u>	<u>145,079</u>
Total fund balances	<u>495,826</u>	<u>1,073,667</u>	<u>1,569,493</u>
Total liabilities and fund balances	<u>\$ 816,627</u>	<u>\$ 1,147,884</u>	<u>\$ 1,964,511</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balances for governmental funds at June 30, 2023 \$ 1,569,493

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 23,027		
Construction in progress	1,243,227		
Buildings and improvements, net of \$149,215 accumulated depreciation	42,790		
Vehicles, net of \$226,165 accumulated depreciation	5,190		
Furniture and equipment, net of \$208,149 accumulated depreciation	171,428		
Water system, net of \$1,868,494 accumulated depreciation	1,069,079		
Infrastructure, net of \$446,772 accumulated depreciation	<u>687,841</u>	\$ 3,242,582	

General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:

Bonds payable and underlying accrued interest	(647,657)		
Compensated absences payable	<u>(371)</u>	<u>(648,028)</u>	<u>2,594,554</u>

Total net position of governmental activities at June 30, 2023 \$ 4,164,047

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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

	General	Sales Tax Special Revenue	Total
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Revenues:			
Taxes	\$ 113,598	\$ 273,825	\$ 387,423
Licenses and permits	60,011	-	60,011
Grants	848,105	-	848,105
Intergovernmental	28,780	-	28,780
Miscellaneous	12,164	1,600	13,764
Total revenues	<u>1,062,658</u>	<u>275,425</u>	<u>1,338,083</u>
Expenditures:			
Current -			
General government	122,979	26,534	149,513
Public safety	76,686	-	76,686
Public works	56,380	-	56,380
Debt service	42,127	-	42,127
Capital outlay	<u>1,106,349</u>	<u>-</u>	<u>1,106,349</u>
Total expenditures	<u>1,404,521</u>	<u>26,534</u>	<u>1,431,055</u>
Excess (deficiency) of revenues over expenditures	<u>(341,863)</u>	<u>248,891</u>	<u>(92,972)</u>
Other financing sources (uses):			
Proceeds from bonds	300,000	-	300,000
Operating transfers in	131,368	-	131,368
Operating transfers out	<u>-</u>	<u>(119,500)</u>	<u>(119,500)</u>
Total other financing sources (uses)	<u>431,368</u>	<u>(119,500)</u>	<u>311,868</u>
Net changes in fund balances	89,505	129,391	218,896
Fund balances, beginning	<u>406,321</u>	<u>944,276</u>	<u>1,350,597</u>
Fund balances, ending	<u>\$ 495,826</u>	<u>\$ 1,073,667</u>	<u>\$ 1,569,493</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

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

Total net changes in fund balances for the year ended June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 218,896
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 1,106,349	
Depreciation expense for the year ended June 30, 2023	<u>(137,691)</u>	968,658

Governmental funds report proceeds from a bond issuance as an other
financing source and principal debt payments as an expenditure. However,
in the statement of activities, those proceeds are recorded as a liability, and
principal debt payments are recorded as a reduction in the related
liability.

Bond proceeds	(300,000)	
Interest accrued on long-term debt	(4,798)	
Debt payments	<u>25,000</u>	<u>(279,798)</u>

Total changes in net position for the year ended June 30, 2023 per Statement of Activities	<u>\$ 907,756</u>
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The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

Statement of Net Position
 Proprietary Fund
 June 30, 2023

	<u>Sewerage and Garbage Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 269,615
Receivables:	
Accounts (net)	29,688
Due from other funds	262,247
Prepaid items	<u>2,234</u>
Total current assets	<u>563,784</u>
Noncurrent assets:	
Restricted cash	31,711
Capital assets, net of accumulated depreciation	<u>1,282,129</u>
Total noncurrent assets	<u>1,313,840</u>
Total assets	<u>1,877,624</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Unearned revenue	265,325
Accounts payable and accrued expenses	7,385
Customers' deposits	<u>31,711</u>
Total current liabilities	<u>304,421</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Investment in capital assets	1,282,129
Restricted	-
Unrestricted	<u>291,074</u>
Total net position	<u>\$ 1,573,203</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2023

	<u>Sewerage and Garbage Fund</u>
Operating revenues:	
Charges for services:	
Sewerage	\$ 84,527
Garbage	57,702
Fire protection	11,847
Penalties	<u>3,502</u>
Total operating revenues	<u>157,578</u>
Operating expenses:	
Chemicals and chlorine	3,593
Depreciation	73,557
Garbage collection	69,439
Insurance	3,847
Legal and accounting	8,200
Office supplies	3,321
Miscellaneous	2,088
Professional services	20,580
Repairs and maintenance	8,111
Salaries	7,653
Sewer analysis	3,966
Supplies	2,661
Payroll taxes	594
Telephone and utilities	<u>31,494</u>
Total operating expenses	<u>239,104</u>
Operating loss	<u>(81,526)</u>
Nonoperating revenues (expenses):	
Property taxes	<u>20,209</u>
Total nonoperating revenues	<u>20,209</u>
Loss before transfers	<u>(61,317)</u>
Operating transfers:	
Transfers out	<u>(11,868)</u>
Total operating transfers out	<u>(11,868)</u>
Change in net position	(73,185)
Net position, beginning	<u>1,646,388</u>
Net position, ending	<u>\$ 1,573,203</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2023

	<u>Sewerage and Garbage Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 154,487
Payments to suppliers	(159,363)
Payments to employees	<u>(7,653)</u>
Net cash used by operating activities	<u>(12,529)</u>
Cash flows from noncapital financing activities:	
Operating transfers out to other funds	(167,459)
Ad valorem tax receipts	<u>20,209</u>
Net cash used by noncapital financing activities	<u>(147,250)</u>
Cash flows from capital and related financing activities:	
Receipts from grantors	155,591
Acquisition of capital assets	<u>(19,635)</u>
Net cash provided by capital and related financing activities	<u>135,956</u>
Cash flows from investing activities	<u>-</u>
Net decrease in cash and cash equivalents	(23,823)
Cash and cash equivalents, beginning of period	<u>325,149</u>
Cash and cash equivalents, end of period	<u>\$ 301,326</u>

(continued)

VILLAGE OF LOREAUVILLE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2023

	<u>Sewerage and Garbage Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (81,526)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	73,557
Changes in current assets and liabilities:	
Increase in accounts receivable	(3,091)
Decrease in accounts payable and accrued liabilities	<u>(1,469)</u>
Total adjustments	<u>68,997</u>
Net cash used by operating activities	<u>\$ (12,529)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 293,627
Cash - restricted	<u>31,522</u>
Total cash and cash equivalents	<u>325,149</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	269,615
Cash - restricted	<u>31,711</u>
Total cash and cash equivalents	<u>301,326</u>
Net decrease	<u>\$ (23,823)</u>

The accompanying notes are an integral part of this statement.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Village operates under the Lawrason Act. The Act provides for the Mayor-Board of Trustees form of government. The Village's operations include police and fire protection, streets and drainage, and general administration services. The Village owns and operates one enterprise activity, a sewerage and garbage fund, which provides sewerage and garbage services.

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

A. Financial Reporting Entity

In evaluating how to define the Village for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Village is able to exercise oversight responsibilities. The Village has no component units.

The Village of Loreauville's oversight and responsibilities in the management, operation, and financial accountability of the Loreauville Volunteer Fire Department are remote. For this reason, the Department is not considered to be a component unit of the Village and accordingly, is not included in the Village's audited financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Fund Financial Statements

The accounts of the Village are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary (enterprise). The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All funds of the Village are considered to be major funds and are described below:

Governmental Funds -

General Fund -

The General Fund is the general operating fund of the Village. It is used to account for and report all financial resources not accounted for and reported in another fund.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Special Revenue Fund -

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Sales Tax Fund –

To account for the receipt and use of proceeds of the Village's 1 1/2% sales and use tax. These taxes may be used as described in Note (7).

Proprietary Fund -

Sewerage and Garbage Fund -

The sewerage and garbage fund is used to account for the provision of sewer, garbage, and recycling and curbside debris removal services to residents of the Village. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

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

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

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

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

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

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The Village's threshold for capitalization is \$500.

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

Buildings and improvements	10-40 years
Vehicles	5-15 years
Furniture and equipment	5-25 years
Water and sewer systems	10-50 years
Infrastructure	10-40 years

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

Prior to the adoption of GASB 34, it was the Village's policy not to record infrastructure; however, these assets have been included in the accompanying financial statements valued at historical cost.

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments that are legally restricted as to their use. The restricted assets are related to mosquito control tax revenues not yet spent in the governmental activities and utility meter deposits in the business-type activities.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Unearned Revenue

Revenue received that has not been spent is recorded as unearned revenue. Unearned revenue as of June 30, 2023, was grant funds from the American Rescue Plan Act (ARPA).

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

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

Compensated Absences

Employees of the Village earn annual and sick leave in varying amounts depending upon length of service. At the end of each year, employees may carry forward annual and sick leave earned but not taken. Unused annual leave is paid to an employee upon retirement at hourly rates being earned by that employee upon separation. Unused sick leave is not paid.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows. Proprietary fund equity is classified the same as in the government-wide statements.

Fund balances of the governmental funds are classified as follows:

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Aldermen. The Board is the highest level of decision-making authority for the Village of Loreauville. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Board members.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village's policy, only Board members may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

As of June 30, 2023, fund balances are composed of the following:

	General	Sales Tax Special Revenue	Total Governmental Funds
Nonspendable:			
Prepaid items	\$ 5,047	\$ 1,226	\$ 6,273
Restricted:			
Mosquito control	142,231	-	142,231
Debt service	203,469	-	203,469
Assigned:			
Sales taxes	-	1,072,441	1,072,441
Unassigned	<u>145,079</u>	<u>-</u>	<u>145,079</u>
Total fund balances	<u>\$ 495,826</u>	<u>\$ 1,073,667</u>	<u>\$ 1,569,493</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Aldermen have provided otherwise in their commitment or assignment actions.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the Village has cash and interest-bearing deposits (book balances) totaling \$2,089,960.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2023 are secured as follows:

Bank balances	<u>\$ 2,094,760</u>
At June 30, 2023 the deposits are secured as follows:	
Federal deposit insurance	508,801
Pledged securities	<u>1,585,959</u>
Total	<u>\$ 2,094,760</u>

Deposits in the amount of \$1,585,959 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Village's name. The Village does not have a policy for custodial credit risk.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2023 of \$125,160 consist of the following:

	General	Sales Tax	Sewerage and Garbage	Total
Accounts	\$ -	\$ -	\$ 30,688	\$ 30,688
Allowance	-	-	(1,000)	(1,000)
Taxes:				
Sales tax	-	25,257	-	25,257
Franchise tax	6,903	-	-	6,903
Grants	46,208	-	-	46,208
Fines, licenses, etc.	17,046	-	-	17,046
Other	58	-	-	58
Totals	<u>\$ 70,215</u>	<u>\$ 25,257</u>	<u>\$ 29,688</u>	<u>\$ 125,160</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance 07/01/22	Additions	Deletions	Balance 06/30/23
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 23,027	\$ -	\$ -	\$ 23,027
Construction in progress	168,009	1,089,831	(14,613)	1,243,227
Total assets not being depreciated	<u>191,036</u>	<u>1,089,831</u>	<u>(14,613)</u>	<u>1,266,254</u>
Capital assets being depreciated:				
Buildings and improvements	192,005	-	-	192,005
Vehicles	231,355	-	-	231,355
Furniture and equipment	368,887	11,267	(577)	379,577
Water system	2,937,572	-	-	2,937,572
Infrastructure	1,114,658	19,955	-	1,134,613
Total assets being depreciated	<u>4,844,477</u>	<u>31,222</u>	<u>(577)</u>	<u>4,875,122</u>
Less accumulated depreciation:				
Buildings and improvements	144,746	4,469	-	149,215
Vehicles	220,488	5,677	-	226,165
Furniture and equipment	186,476	22,250	(577)	208,149
Water system	1,799,019	69,474	-	1,868,493
Infrastructure	410,951	35,821	-	446,772
Total accumulated depreciation	<u>2,761,680</u>	<u>137,691</u>	<u>(577)</u>	<u>2,898,794</u>
Governmental activities, net	<u>\$ 2,273,833</u>	<u>\$ 983,362</u>	<u>\$ (14,613)</u>	<u>\$ 3,242,582</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total assets not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets being depreciated:				
Sewer plant	2,679,974	19,635	-	2,699,609
Machinery and equipment	93,735	-	-	93,735
Total assets being depreciated	<u>2,773,709</u>	<u>19,635</u>	<u>-</u>	<u>2,793,344</u>
Less accumulated depreciation:				
Sewer plant	1,351,339	72,575	-	1,423,914
Machinery and equipment	91,319	982	-	92,301
Total accumulated depreciation	<u>1,442,658</u>	<u>73,557</u>	<u>-</u>	<u>1,516,215</u>
Business-type activities, net	<u>\$ 1,336,051</u>	<u>\$ (53,922)</u>	<u>\$ -</u>	<u>\$ 1,282,129</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 2,831
Public safety	14,225
Public works	<u>120,635</u>
Total depreciation expense	<u>\$ 137,691</u>

(5) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2023:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 6,353	\$ 7,261	\$ 13,614
Compensated absences payable	371	124	495
Interest Payable	<u>7,757</u>	<u>-</u>	<u>7,757</u>
Totals	<u>\$ 14,481</u>	<u>\$ 7,385</u>	<u>\$ 21,866</u>

(6) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Village of Loreauville, Louisiana for the year ended June 30, 2023. The revenue bonds and the sales tax bonds relate to governmental activities. Payments were made from the general fund. In the past, payments on long-term debt that pertained to the Village's governmental activities were made by the governmental funds, and those that pertained to the business-type activities were made by the enterprise fund.

Long-term debt at July 1, 2022	\$ 364,900
Debt assumed	300,000
Debt retired	<u>(25,000)</u>
Long-term debt at June 30, 2023	<u>\$ 639,900</u>

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2023 is comprised of the following:

\$1,310,000 Taxable Water Revenue Bonds, Series 2012; due in annual installments of \$21,000 to \$35,900; from October 1, 2014 to October 1, 2033; interest rate of 2.95 percent; secured by income and revenues of the Village. \$ 339,900

\$300,000 Sales Tax Bonds, Series 2022; due in annual installments of \$26,000 to \$34,000, from July 1, 2023 to July 1, 2032; interest rate of 6.0 percent; secured by sales tax revenue of the Village. \$ 300,000

The annual requirements to amortize all debt outstanding at June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 52,000	\$ 19,694	\$ 71,694
2025	54,000	17,992	71,992
2026	56,000	16,221	72,221
2027	58,000	14,380	72,380
2028	60,000	12,470	72,470
2029-2033	324,000	32,055	356,055
2034	<u>35,900</u>	<u>530</u>	<u>36,430</u>
Totals	<u>\$ 639,900</u>	<u>\$ 113,342</u>	<u>\$ 753,242</u>

(7) Dedication of Sales and Use Tax Revenues

Proceeds of a 1 1/2 percent sales and use tax were dedicated to the following purposes:

- A. 1% is for constructing and maintaining sewerage, drainage, street, and other works of permanent public improvement in the Village, title to which shall be in the public. On November 21, 1987, the voters of the Village approved a rededication of the use of the sales taxes collected which now permits the use of these revenues to pay for any expenditures lawfully incurred.
- B. An additional ½% was passed effective January 1, 1995 to be dedicated and used, in supplement of other sales tax revenues, to operate and maintain the Loreauville Police Department. In November 2002, the voters of the Village approved the rewording of the dedication to include contracting with the Iberia Parish Sheriff's Office in lieu of operating the Loreauville Police Department.

VILLAGE OF LOREAUVILLE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(8) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2023:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 74,132	\$ 262,247
Sales Tax Special Revenue Fund	-	74,132
Enterprise Fund:		
Sewer and Garbage Fund	<u>262,247</u>	<u>-</u>
Total	<u>\$ 336,379</u>	<u>\$ 336,379</u>

The above balances are the result of amounts loaned between funds related to the bond issuance, and for amounts received from ARPA deposited into one fund, but used by another. These balances are expected to be eliminated through transfers within the next fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2023:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 131,368	\$ -
Sales Tax Special Revenue Fund	-	119,500
Enterprise Fund:		
Sewerage and Garbage Fund	<u>-</u>	<u>11,868</u>
Total	<u>\$ 131,368</u>	<u>\$ 131,368</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Ad Valorem Taxes

For the year ended June 30, 2023, taxes of 9.92 mills were levied on property with assessed valuations totaling \$4,092,541 and were dedicated as follows:

General alimony	5.00 mills
Sewerage tax	4.92 mills

Total taxes levied were \$40,600 of which all had been collected at June 30, 2023. The taxes are levied and assessed around September or October of each year and tax bills are mailed in November. Billed taxes are due by December 31 and become delinquent if unpaid as of January 1.

(10) Restricted Assets

Restricted assets were composed of checking and savings accounts at June 30, 2023 and were restricted as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Mosquito control	\$ 142,231	\$ -	\$ 142,231
Debt service	203,469	-	203,469
Customers' deposits	<u>-</u>	<u>31,711</u>	<u>31,711</u>
	<u>\$ 345,700</u>	<u>\$ 31,711</u>	<u>\$ 377,411</u>

(11) Commitments and Contingencies

A. Litigation

There is no litigation pending against the Village at June 30, 2023.

B. Commitments

The Village has construction commitments with respect to unfinished projects of approximately \$106,000.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Compensation of Village Officials

A detail of compensation paid to Village officials for the year ended June 30, 2023 follows:

Brad Clifton, Mayor	\$ 12,000
Aldermen:	
Eric Borne	2,700
Joseph J. DeCourt	2,700
Sandy Sonnier	<u>2,700</u>
Total	<u>\$ 20,100</u>

(13) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

(14) Act 706 -- Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Entity Head

Under Act 706, Village of Loreauville is required to disclose the compensation, reimbursements, benefits, and other payments made to the Mayor, in which the payments are related to the position. The following is a schedule of payments made to the Mayor for the year ended June 30, 2023.

Agency Head Name: Brad Clifton

Salary	<u>\$ 12,000</u>
Total compensation to agency head	<u>\$ 12,000</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF LOREAUVILLE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes	\$ 108,460	\$ 114,960	\$ 113,598	\$ (1,362)
Licenses and permits	49,435	49,435	60,011	10,576
Grants	1,097,338	1,007,838	848,105	(159,733)
Intergovernmental	27,340	28,518	28,780	262
Miscellaneous	4,475	11,475	12,164	689
Total revenues	<u>1,287,048</u>	<u>1,212,226</u>	<u>1,062,658</u>	<u>(149,568)</u>
Expenditures:				
Current -				
General government	117,700	179,116	122,979	56,137
Public safety - Police	138,250	77,250	76,686	564
Public works	53,076	48,720	56,380	(7,660)
Debt service	37,158	42,166	42,127	39
Capital outlay	<u>1,198,700</u>	<u>1,017,500</u>	<u>1,106,349</u>	<u>(88,849)</u>
Total expenditures	<u>1,544,884</u>	<u>1,364,752</u>	<u>1,404,521</u>	<u>(39,769)</u>
Deficiency of revenues over expenditures	<u>(257,836)</u>	<u>(152,526)</u>	<u>(341,863)</u>	<u>(189,337)</u>
Other financing sources (uses)				
Transfer from Sales Tax Fund	69,500	119,500	119,500	-
Transfer from Utility Fund	13,000	13,000	11,868	(1,132)
Proceeds from bonds	-	300,000	300,000	-
Transfer to Utility Fund	-	(20,209)	-	20,209
Total other financing sources	<u>82,500</u>	<u>412,291</u>	<u>431,368</u>	<u>19,077</u>
Net change in fund balances	(175,336)	259,765	89,505	(170,260)
Fund balance, beginning	<u>551,771</u>	<u>406,321</u>	<u>406,321</u>	<u>-</u>
Fund balance, ending	<u>\$ 376,435</u>	<u>\$ 666,086</u>	<u>\$ 495,826</u>	<u>\$ (170,260)</u>

See notes to required supplementary information.

VILLAGE OF LOREAUVILLE
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 240,000	\$ 264,000	\$ 273,825	\$ 9,825
Miscellaneous - interest and other	1,200	1,560	1,600	40
Total revenues	<u>241,200</u>	<u>265,560</u>	<u>275,425</u>	<u>9,865</u>
Expenditures:				
General government				
Conventions	600	600	600	-
Insurance	5,420	5,420	5,420	-
Legal and accounting	8,500	8,500	8,500	-
Salaries and payroll taxes	8,500	8,500	8,500	-
Office expense	960	960	963	(3)
Collection fees	3,600	1,700	2,551	(851)
Total expenditures	<u>27,580</u>	<u>25,680</u>	<u>26,534</u>	<u>(854)</u>
Excess of revenues over expenditures	<u>213,620</u>	<u>239,880</u>	<u>248,891</u>	<u>9,011</u>
Other financing uses:				
Transfer out to General Fund	(69,500)	(119,500)	(119,500)	-
Total other financing uses	<u>(69,500)</u>	<u>(119,500)</u>	<u>(119,500)</u>	<u>-</u>
Net change in fund balances	144,120	120,380	129,391	9,011
Fund balance, beginning	<u>935,070</u>	<u>944,276</u>	<u>944,276</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,079,190</u>	<u>\$ 1,064,656</u>	<u>\$ 1,073,667</u>	<u>\$ 9,011</u>

See notes to required supplementary information.

VILLAGE OF LOREAUVILLE, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2023

(1) Budget and Budgetary Accounting

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

- A. The municipal clerk prepares a proposed budget and submits this to the Mayor and Board of Aldermen at least fifteen days prior to the beginning of the fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- B. The budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- C. 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.
- D. All budgetary appropriations lapse at the end of each fiscal year.
- E. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- F. For the year ended June 30, 2023, the following funds had actual expenditures over appropriations:

Fund	Final Budget	Actual	Excess
General Fund	\$ 1,364,752	\$ 1,404,521	\$ (39,769)
Sales Tax Special Revenue Fund	\$ 25,680	\$ 26,534	\$ (854)

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF LOREAUVILLE
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Taxes:			
General alimony	\$ 20,000	\$ 20,529	\$ 529
Waterline assessment	46,800	45,809	(991)
Franchise taxes	<u>48,160</u>	<u>47,260</u>	<u>(900)</u>
Total taxes	<u>114,960</u>	<u>113,598</u>	<u>(1,362)</u>
Licenses and permits	<u>49,435</u>	<u>60,011</u>	<u>10,576</u>
Grants	<u>1,007,838</u>	<u>848,105</u>	<u>(159,733)</u>
Intergovernmental:			
Beer tax	1,650	1,484	(166)
2% fire insurance tax	6,868	6,868	-
Mosquito control tax	<u>20,000</u>	<u>20,428</u>	<u>428</u>
Total intergovernmental	<u>28,518</u>	<u>28,780</u>	<u>262</u>
Miscellaneous:			
Interest	150	234	84
Water lease	2,025	1,905	(120)
Other	<u>9,300</u>	<u>10,025</u>	<u>725</u>
Total miscellaneous	<u>11,475</u>	<u>12,164</u>	<u>689</u>
Total revenues	<u>\$ 1,212,226</u>	<u>\$ 1,062,658</u>	<u>\$ (149,568)</u>

VILLAGE OF LOREAUVILLE
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Current:			
General government -			
Advertising	\$ 1,233	\$ 1,238	\$ (5)
Conventions	2,500	2,738	(238)
Coroner	4,000	3,950	50
Dues	520	459	61
Insurance	17,741	13,256	4,485
Legal and accounting	10,000	15,540	(5,540)
Mayor and council	20,100	20,100	-
Miscellaneous	50	40	10
Payroll taxes	4,356	4,901	(545)
Repairs and maintenance	25,500	17,877	7,623
Salaries	15,996	17,700	(1,704)
Utilities	14,700	12,227	2,473
Professional fees	54,800	5,580	49,220
Auto and truck	320	309	11
Office expense	<u>7,300</u>	<u>7,064</u>	<u>236</u>
Total general government	<u>179,116</u>	<u>122,979</u>	<u>56,137</u>
Public safety -			
Law enforcement	60,000	60,000	-
Auto and truck	2,000	1,888	112
Insurance	10,800	10,965	(165)
Repairs and maintenance	1,000	890	110
Office Expenses	250	128	122
Utilities	<u>3,200</u>	<u>2,815</u>	<u>385</u>
Total public safety	<u>77,250</u>	<u>76,686</u>	<u>564</u>

(continued)

VILLAGE OF LOREAUVILLE
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2023

	Budget	Actual	Variance with Final Budget Positive (Negative)
Public works -			
Auto and truck	2,000	3,184	(1,184)
Repairs and maintenance	3,000	4,828	(1,828)
Salaries	20,000	23,919	(3,919)
Supplies	5,000	5,904	(904)
Utilities	18,720	18,545	175
Total public works	48,720	56,380	(7,660)
Debt service -			
Principal	25,000	25,000	-
Interest	14,684	14,684	-
Other	2,482	2,443	39
Total debt service	42,166	42,127	39
Capital outlay -			
Sidewalks	7,500	5,980	1,520
Fire Station	1,000,000	1,089,741	(89,741)
Equipment	10,000	10,628	(628)
Total capital outlay	1,017,500	1,106,349	(88,849)
Total expenditures	\$ 1,364,752	\$ 1,404,521	\$ (39,769)

VILLAGE OF LOREAUVILLE, LOUISIANA

Schedule of Insurance in Force
June 30, 2023

<u>Description of Coverage</u>	<u>Name of Insurer</u>	<u>Coverage Amounts</u>	<u>Expiration Date</u>
Workmen's compensation -			
Bodily injury by accident	LMRMA	\$ 100,000	06/01/2024
Bodily injury by disease	LMRMA	500,000	06/01/2024
Bodily injury by disease	LMRMA	100,000	06/01/2024
Surety bonds -			
Public employees - Town clerk	Western Surety	5,000	02/10/2024
Public employees - Assistant	Western Surety	5,000	03/12/2024
Public employees - Mayor	Western Surety	10,000	01/01/2024
Equipment Floater	Arch Ins. Co.	37,175	05/30/2024
General Liability	Arch Ins. Co.	500,000	06/01/2024
Commercial auto	LMRMA	500,000	06/01/2024
Package	Continental Casualty	2,395,972	09/19/2024
Errors and omissions	Arch Ins. Co.	500,000	06/01/2024
Property and contents	Great Lakes Ins.	387,280	09/19/2023

VILLAGE OF LOREAUVILLE, LOUISIANA

Schedule of Number of Water Customers
June 30, 2023

Records maintained by the Village indicated the following number of customers were being serviced during the month of June 30, 2023:

<u>Customer Type</u>	<u>Number</u>
Metered	382
Unmetered	-

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

Certified Public Accountants

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

The Honorable Brad Clifton, Mayor
and Members of the Board of Aldermen
Village of Loreauville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Loreauville, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Village of Loreauville, Louisiana's basic financial statements, and have issued our report thereon dated September 4, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Loreauville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as item 2023-003.

Village of Loreauville, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village of Loreauville, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The Village of Loreauville, Louisiana'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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
September 4, 2023

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2023

I. Prior Year Findings:

Internal Control Over Financial Reporting

2022-001 – Inadequate Segregation of Accounting Functions

Finding:

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

Status:

Unresolved. See item 2023-001.

2022-002 – Inadequate Controls Over Financial Statement Preparation

Finding:

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Status:

Unresolved. See item 2023-002.

Compliance

2022-003 – Noncompliance with Louisiana Local Government Budget Act

Finding:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet budgeted revenues and other sources by five percent or more. The Village revenues and other sources of the General Fund failed to meet budgeted revenues by approximately 27.08%.

Status:

Unresolved. See item 2023-003.

(continued)

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2023

Management Letter Items

There were no items reported at June 30, 2022.

II. Current Year Findings and Management's Corrective Action Plan:

Internal Control Over Financial Reporting

2023-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurred---Unknown

Condition and Criteria:

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

Effect:

This condition represents a material weakness in the internal control of the Village.

Cause:

The condition resulted because of the small number of employees in the accounting department.

Recommendation:

No plan is considered necessary due to the fact that it would not be cost effective to implement a plan.

Management's Corrective Action Plan:

Mr. Brad Clifton, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

(continued)

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2023

2023-002 – Inadequate Controls Over Financial Statement Preparation; Year Initially Occurred--
Unknown

Condition and Criteria:

The Village does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.

Effect:

This condition represents a material weakness in the internal control of the Village.

Cause:

The condition resulted because Village personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

Recommendation:

The Village should consider outsourcing this task to its independent auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

Management's Corrective Action Plan:

Mr. Brad Clifton, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.

(continued)

VILLAGE OF LOREAUVILLE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2023

Compliance

2023-003 ~~–Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred—~~
06/30/2020

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet budgeted revenues and other sources by five percent or more. The Village revenues and other sources of the General Fund failed to meet budgeted revenues by approximately 9.16%.

Effect:

This condition represents a violation of the Louisiana Local Government Budget Act.

Cause:

The condition resulted because the Village budgeted for ARPA funds in the General Fund but then it was subsequently decided that the funds would be used in the Sewerage and Garbage Fund. The budget should have been amended to remove ARPA funds from the General Fund revenue budget.

Recommendation:

The Village should evaluate the need for budget amendments as the year progresses and amend the budget, if necessary.

Management's Corrective Action Plan:

The Clerk will evaluate the budget as the year progresses and make budget amendments as needed.

Management Letter Items

There are no items reported at June 30, 2023.

Village of Loreauville

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2023

Champagne & Company, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of The Village of Loreauville and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Village of Loreauville's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

No exceptions noted.

- 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.

Written policies and procedures were obtained and do not address controls to ensure compliance with the Public Bid Law and documentation required to be maintained for all bids and price quotes.

- iii. **Disbursements**, including processing, reviewing, and approving.
No exceptions noted.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
No exceptions noted.
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
No exceptions noted.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions noted.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions noted.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions noted.
- 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.
Written policies and procedures were obtained and do not address a system to monitor possible ethics violations and/or 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.
No exceptions noted.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
We performed the procedure and discussed the results with management.
- 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.

Written policies and procedures were obtained and do not address annual employee training and annual reporting.

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.

No exceptions noted.

- 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. *Alternately, 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.*

No exceptions noted.

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

The general fund did not have a negative ending unassigned fund balance in the prior year audit report; therefore, this step is not applicable.

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

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:

Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. Obtained bank statements and reconciliations for the main operating account and 4 additional accounts for one random month during the period.

- 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);

No exceptions noted.

- 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

One of the bank accounts tested did not have evidence that a member of management/board member has reviewed the bank reconciliation.

- 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.

One of the bank accounts tested did not have documentation that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

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).

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

- 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 (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:

Obtained a listing of collection locations for each deposit site and management's representation that the listing is complete. Obtained written policies and procedures relating to employee job duties.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

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

The employee responsible for collecting cash is also responsible for preparing/making bank deposits and no other employee/official reconciles collection documentation 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

The employee responsible for collecting cash is also responsible for posting collection entries to the general ledger and no other employee/official is responsible for reconciling ledger postings to each other and to the deposit.

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

No exceptions noted.

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

No exceptions noted.

- 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- i. Observe that receipts are sequentially pre-numbered.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

No exceptions noted.

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

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

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

- B. For each location selected under #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

Obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties.

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

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

- ii. At least two employees are involved in processing and approving payments to vendors;

At least two employees are not 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;

The employee responsible for processing payments is not prohibited from adding/modifying 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

The employee/official responsible for signing checks is also responsible for processing payments and mailing the checks.

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

No exceptions noted.

- C. For each location selected under #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:

Obtained the entity's non-payroll disbursement transaction population and management's representation that the population is complete.

- 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

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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

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

Obtained 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 names of the persons who maintained possession of the cards and obtained 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

No exceptions noted.

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

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B 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 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.

Three transactions selected for testing did not contain written documentation of the business/public purpose.

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

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

The Village of Loreauville did not have any travel reimbursements during the fiscal period; therefore, this test is not applicable.

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

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.*

Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period and management's representation that the listing is complete.

- 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;

No exceptions noted.

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

No exceptions noted.

- 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

There were no amendments to the contracts tested.

- 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.

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.

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete.

- 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);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

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

No exceptions noted.

- 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 officials' 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.

There were no termination payments; therefore, this step is not applicable.

- 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.

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

No exceptions noted.

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

The Village of Loreauville did not make changes to its ethics policy during the fiscal period; therefore, this step is not applicable.

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

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 State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions noted.

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

No exceptions noted.

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.

The Village of Loreauville did not have misappropriations of public funds and assets during the fiscal period; therefore, this step was not applicable.

- 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.

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, (c) was encrypted.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure 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.

No exceptions noted.

- 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).

No exceptions noted.

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:

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

We were engaged by the Village of Loreauville 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 Loreauville 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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
September 4, 2023

VILLAGE OF LOREAUVILLE

Loreauville, Louisiana

Management's Response to Statewide Agreed-upon Procedures

For the Year Ended June 30, 2023

- 1A-ii., 1A-ix., 1xii. Exceptions relate to written policies and procedures lacking specific criteria required by LLA. Management will update the written policies and procedures to address all missing criteria.
- 3A-ii. Exception relates to bank reconciliations not having evidence of review by management/board member who does not handle cash, post ledgers, or issue checks. The Mayor will review and indicate such review on all bank reconciliations.
- 3A-iii. Exception relates to bank reconciliation not having documentation that management has researched outstanding items greater than 12 months from the statement closing date.
- 4B-ii., 4B-iii, 5B-i., 5B-ii., 5B-iii., 5B-iv. Exceptions relate to segregation of duties within the applicable areas tested. Efforts will be made to segregate duties within these areas as much as possible with the limited number of employees involved.
- 6C. Exception relates to credit card receipt not supported by written documentation of the business/public purpose.