

TOWN OF MONTGOMERY, LOUISIANA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022



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October 24, 2023

Independent Auditors' Report

To the Mayor and Board of Aldermen
Town of Montgomery, Louisiana

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Montgomery, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montgomery, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

Documentation was not available to support a substantial portion of payments to vendors. Due to the absence of sufficient documentation, we did not obtain sufficient appropriate audit evidence about expenditures, expenses and accounts payable reported for governmental activities, business-type activities, and each major fund. We were unable to obtain sufficient appropriate audit evidence regarding the amounts by other auditing procedures.

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Montgomery'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 Town of Montgomery'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 management's discussion and analysis and budgetary comparison information described in the accompanying table of contents 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montgomery's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Agency Head or Chief Executive Officer, the Schedule of Per Diem Paid to Board Members, and the Justice System Funding Schedule, described as additional information in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures.

Town of Montgomery
October 24, 2023

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023 on our consideration of the Town of Montgomery's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Montgomery's internal control over financial reporting and compliance.



Rozier, McKay & Willis
Certified Public Accountants

Town of Montgomery

Management's Discussion and Analysis

December 31, 2022

This section of the Town of Montgomery's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended December 31, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with utility services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

A comparative analysis of government-wide data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

Town of Montgomery

Management's Discussion and Analysis

December 31, 2022

	December 31, 2022			December 31, 2021
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 27,806	\$ 143,698	\$ 171,504	\$ 360,320
Capital Assets	887,603	1,023,611	1,911,214	1,993,172
Total Assets	<u>915,409</u>	<u>1,167,309</u>	<u>2,082,718</u>	<u>2,353,492</u>
<u>Liabilities:</u>				
Current and Other Liabilities	22,285	160,558	182,843	231,234
Long-term Liabilities	----	----	----	----
Total Liabilities	<u>22,285</u>	<u>160,558</u>	<u>182,843</u>	<u>231,234</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	887,603	1,023,611	1,911,214	1,993,172
Unrestricted	5,521	(16,860)	(11,339)	129,086
Total Net Position	<u>\$ 893,124</u>	<u>\$ 1,006,751</u>	<u>\$ 1,899,875</u>	<u>\$ 2,122,258</u>

As the presentation appearing above demonstrates, the Town's net position is invested in capital assets. Net position invested in capital assets consist of land, buildings, and equipment. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021
	Govern- mental Activities	Business- Type Activities	Total	
<u>Revenues:</u>				
Program Revenue				
Charges for Services	\$ 32,734	\$ 480,699	\$ 513,433	\$ 520,589
Operating Grants and Contributions	----	189,986	189,986	19,782
Capital Grants and Contributions	----	58,136	58,136	----
General Revenue:				
Property Taxes	16,647	----	16,647	16,375
Sales Taxes	71,163	----	71,163	64,187
Franchise Taxes	17,470	----	17,470	15,019
Occupational Licenses	34,290	----	34,290	40,993
Miscellaneous	932	----	932	8,272
Total Revenue	<u>173,236</u>	<u>728,821</u>	<u>902,057</u>	<u>685,217</u>

Town of Montgomery

Management's Discussion and Analysis

December 31, 2022

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021
	Governmental Activities	Business-Type Activities	Total	
Program Expenses:				
General Government	161,175	----	161,175	152,337
Public Safety (Law Enforcement)	87,629	----	87,629	84,890
Public Works – Streets	59,484	----	59,484	54,982
Culture and Recreation	16,996	----	16,996	13,879
Utility System	----	799,156	799,156	587,842
Total Expenses	<u>325,284</u>	<u>799,156</u>	<u>1,124,440</u>	<u>893,930</u>
Increase in Net Position Before Special Items and Transfers	(152,048)	(70,335)	(222,383)	(208,713)
Special Items	----	----	----	162,002
Transfers	<u>91,128</u>	<u>(91,128)</u>	<u>----</u>	<u>----</u>
Change in Net Position	(60,920)	(161,463)	(222,383)	(46,711)
Net Position Beginning	<u>954,044</u>	<u>1,168,214</u>	<u>2,122,258</u>	<u>2,168,969</u>
Net Position Ending	<u>\$ 893,124</u>	<u>\$ 1,006,751</u>	<u>\$ 1,899,875</u>	<u>\$ 2,122,258</u>

Governmental activities decreased the Town's net position by \$60,920. This decrease was attributable to depreciation of assets acquired in previous periods.

Business-type activities decreased the Town's net position by \$161,463. The change in net position is influenced by grants, and related depreciation. Changes in net position excluding capital grants, contributions and depreciation are presented as follows

	Governmental Activities	Business-Type Activities	Total
Change in Net Position	\$ (60,920)	\$ (161,463)	\$ (222,383)
Depreciation	56,448	83,646	140,094
Capital Grants	----	(58,136)	(58,136)
Change in Net Position Excluding Capital Grants, Contributions and Depreciation	<u>\$ (4,472)</u>	<u>\$ (135,953)</u>	<u>\$ (140,425)</u>

After considering depreciation and grants, it is apparent that the Town has depleted reserves for future needs.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

For the year ended December 31, 2022, the General Fund experienced a decrease in fund balance of \$4,472. The only differences between amounts reported by the general fund and governmental activities reported in the government-wide financial statements are attributable to including fixed assets in the government-wide presentation, and grant activity reported by separate funds.

Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The Town overlooked adopting a budget for the current period, accordingly no highlights are available.

Town of Montgomery

Management's Discussion and Analysis

December 31, 2022

CAPITAL ASSET ADMINISTRATION

Activity involving capital assets was limited to reporting depreciation for existing assets, and partial completion of a new water well.

DEBT ADMINISTRATION

No debt was outstanding during the year ended December 31, 2022.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

No significant factors are expected to affect operations in the near future

Town of Montgomery

Statement of Net Position

December 31, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 93,658	\$ 93,658
Receivables (net)	27,806	40,211	68,017
Natural Gas Inventory	-	9,829	9,829
Capital assets not subject to depreciation	18,680	37,015	55,695
Depreciable capital assets, net	<u>868,923</u>	<u>986,596</u>	<u>1,855,519</u>
Total assets	<u>915,409</u>	<u>1,167,309</u>	<u>2,082,718</u>
<u>LIABILITIES</u>			
Bank Overdraft	9,359	-	9,359
Accounts payable	12,926	34,944	47,870
Deferred revenue	-	61,925	61,925
Meter deposits	<u>-</u>	<u>63,689</u>	<u>63,689</u>
Total liabilities	<u>22,285</u>	<u>160,558</u>	<u>182,843</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	887,603	1,023,611	1,911,214
Unrestricted	<u>5,521</u>	<u>(16,860)</u>	<u>(11,339)</u>
Total net position (deficit)	<u>\$ 893,124</u>	<u>\$ 1,006,751</u>	<u>\$ 1,899,875</u>

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

Town of Montgomery

Statement of Activities

Year Ended December 31, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
Governmental Activities:							
General Government	\$ 161,175	\$ -	\$ -	\$ -	\$ (161,175)	\$ -	\$ (161,175)
Public Safety							
Police Department	87,629	24,484	-	-	(63,145)	-	(63,145)
Public Works - Streets	59,484	5,900	-	-	(53,584)	-	(53,584)
Culture and Recreation	16,996	2,350	-	-	(14,646)	-	(14,646)
Total Governmental Activities	<u>325,284</u>	<u>32,734</u>	<u>-</u>	<u>-</u>	<u>(292,550)</u>	<u>-</u>	<u>(292,550)</u>
Business-Type Activities:							
Utility System	799,156	480,699	189,986	58,136	-	(70,335)	(70,335)
Total Business-Type Activities	<u>799,156</u>	<u>480,699</u>	<u>189,986</u>	<u>58,136</u>	<u>-</u>	<u>(70,335)</u>	<u>(70,335)</u>
Total Primary Government	<u>\$ 1,124,440</u>	<u>\$ 513,433</u>	<u>\$ 189,986</u>	<u>\$ 58,136</u>	<u>(292,550)</u>	<u>(70,335)</u>	<u>(362,885)</u>
General Revenues, Special Items and Transfers:							
Taxes:							
Ad Valorem					16,647	-	16,647
Sales Taxes					71,163	-	71,163
Franchise					17,470	-	17,470
Occupational Licenses					34,290	-	34,290
Miscellaneous					932	-	932
Transfers					<u>91,128</u>	<u>(91,128)</u>	<u>-</u>
Total					<u>231,630</u>	<u>(91,128)</u>	<u>140,502</u>
Change in Net Position					(60,920)	(161,463)	(222,383)
Net Position Beginning					<u>954,044</u>	<u>1,168,214</u>	<u>2,122,258</u>
Net Position Ending					<u>\$ 893,124</u>	<u>\$ 1,006,751</u>	<u>\$ 1,899,875</u>

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

Town of Montgomery

Balance Sheet - Governmental Funds

December 31, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 176	\$ 176
Receivables (net)	<u>27,806</u>	<u>-</u>	<u>27,806</u>
Total assets	<u>\$ 27,806</u>	<u>\$ 176</u>	<u>\$ 27,982</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Bank Overdraft	\$ 9,535	\$ -	\$ 9,535
Accounts payable	<u>12,926</u>	<u>-</u>	<u>12,926</u>
Total liabilities	<u>22,461</u>	<u>-</u>	<u>22,461</u>
<u>Fund Balance</u>			
Unassigned	<u>5,345</u>	<u>176</u>	<u>5,521</u>
Total Fund Balances	<u>5,345</u>	<u>176</u>	<u>5,521</u>
Total Liabilities and Fund Balance	<u>\$ 27,806</u>	<u>\$ 176</u>	<u>\$ 27,982</u>

Reconciliation of the Governmental Funds Balance Sheets to the Statement of Net Position

Total Fund Balances - Governmental Funds	\$ 5,521
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>887.603</u>
Net Position of Governmental Activities	<u>\$ 893,124</u>

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

Town of Montgomery

Statement of Revenue, Expenditures and Changes in Fund Balance Governmental Funds Year Ended December 31, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 16,647	\$ -	\$ 16,647
Sales Tax	71,163	-	71,163
Franchise	17,470	-	17,470
Occupational licenses	34,290	-	34,290
Intergovernmental	343	-	343
Fines and court cost	24,484	-	24,484
Miscellaneous	8,839	-	8,839
Total revenues	<u>173,236</u>	<u>-</u>	<u>173,236</u>
Expenditures:			
Current			
General government	161,175	-	161,175
Public safety (law enforcement)	78,923	-	78,923
Public works - streets	19,843	-	19,843
Culture and recreation	8,895	-	8,895
Capital outlay	-	-	-
Total expenditures	<u>268,836</u>	<u>-</u>	<u>268,836</u>
Excess (deficiency) of revenues over expenditures	<u>(95,600)</u>	<u>-</u>	<u>(95,600)</u>
Other sources (uses)			
Operating transfers in	91,128	-	91,128
Operating transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>91,128</u>	<u>-</u>	<u>91,128</u>
Net Change in Fund Balances	(4,472)	-	(4,472)
Fund balance - beginning of year	<u>9,817</u>	<u>176</u>	<u>9,993</u>
Fund balance - end of year	<u>\$ 5,345</u>	<u>\$ 176</u>	<u>\$ 5,521</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Net change in fund balances of Governmental Funds	\$ (4,472)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. Capital asset activities are summarized as follows:	
Capital Outlay	-
Depreciation Expense	<u>(56,448)</u>
Change in net position of governmental activities	<u>\$ (60,920)</u>

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

Town of Montgomery

Statement of Net Position - Proprietary Funds December 31, 2022

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Utility System</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and cash equivalents	\$ 93,658
Receivables (net)	40,211
Natural Gas Inventory	9,829
Total current assets	<u>143,698</u>
Noncurrent Assets:	
Capital Assets:	
Capital assets not subject to depreciation	37,015
Depreciable capital assets, net	986,596
Total noncurrent assets	<u>1,023,611</u>
 Total assets	<u>1,167,309</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts payable	34,944
Deferred revenue	61,925
Meter deposits	63,689
Total current liabilities	<u>160,558</u>
 Total liabilities	<u>160,558</u>
<u>NET POSITION:</u>	
Invested in capital assets, net of related debt	1,023,611
Unrestricted	<u>(16,860)</u>
 Total net position (deficit)	<u>\$ 1,006,751</u>

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

Town of Montgomery

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year Ended December 31, 2022

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Utility System</u>
<u>Operating revenues:</u>	
Charges for services	\$ 465,748
Miscellaneous	<u>14,951</u>
Total Operating Revenues	<u>480,699</u>
<u>Operating expenses:</u>	
Salaries and payroll taxes	168,754
Chemicals and supplies	38,302
Depreciation	83,646
Gas purchases	69,927
Insurance	4,759
Utilities	53,041
Professional Fees	11,182
Repairs and maintenance	361,810
Miscellaneous	<u>7,735</u>
Total operating expenses	<u>799,156</u>
Operating income (loss)	<u>(318,457)</u>
<u>Non-operating revenues (expenses):</u>	
Interest income	-
Intergovernmental grants	<u>248,122</u>
Total Non-operating revenues	<u>248,122</u>
Income (loss) before capital contributions and transfers	(70,335)
<u>Contributions, transfers and special items:</u>	
Capital Contributions	-
Operating transfers in (out)	<u>(91,128)</u>
Change in net position	(161,463)
Total net position - beginning	<u>1,168,214</u>
Total net position - ending	<u>\$ 1,006,751</u>

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

Town of Montgomery

Statement of Cash Flows - Proprietary Funds Year Ended December 31, 2022

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Utility System</u>
<u>Cash flow from operating activities:</u>	
Cash received from customers	\$ 478,978
Cash payments to suppliers of goods and services	(554,731)
Cash payments to employees for services	<u>(168,754)</u>
Net cash provided (used) by operating activities	<u>(244,507)</u>
<u>Cash flows from non-capital financing activities:</u>	
Grant proceeds	135,957
Operating transfers out	<u>(91,128)</u>
Net cash provided (used) by non-capital financing activities	<u>44,829</u>
<u>Cash flows from capital and related financing activities:</u>	
Cash paid for capital assets	(58,136)
Grant proceeds	<u>58,136</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
<u>Cash flows from investing activities:</u>	
Interest and other income	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>
Net increase (decrease) in cash	(199,678)
Beginning cash balance	<u>293,336</u>
Ending cash balance	<u><u>\$ 93,658</u></u>
<u>Reconciliation of operating income (loss) to net cash</u>	
Operating income (loss)	\$ (318,457)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	83,646
(Increase) decrease in accounts receivable	(3,707)
(Increase) decrease in natural gas inventory	(9,829)
(Decrease) increase in accounts and other payables	1,854
(Decrease) increase in meter deposits	<u>1,986</u>
Net cash provided (used) by operating activities	<u><u>\$ (244,507)</u></u>

Supplemental disclosures of cash flow information:

For the year ended December 31, 2022, there were no operating, financing, or investing activities that did not result in cash receipts or payments.

Town of Montgomery

Notes To Financial Statements

December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Montgomery (the Town) is operated under the provisions of a Home Rule Charter adopted July 18, 1998. Under the terms of the charter, the Town is governed by its Mayor and a Town Council consisting of five members. In addition to general government operations, the Town also provides police protection, fire protection, street maintenance, sanitation, recreation, water distribution, natural gas distribution, wastewater collection and wastewater treatment.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

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

Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of the Town of Montgomery for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

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

Based upon application of these criteria, there were no potential component units and all of the Town's activities were included in the primary government reporting entity.

Town of Montgomery

Notes To Financial Statements

December 31, 2022

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Town as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds – Limited to the General Fund, which is the primary operating fund, used to account for all governmental activities.
- Proprietary Funds – Are used to account for business type activities. Revenue earned in exchange for providing services is reported as operating income and revenue from other sources is reported as non-operating. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises.

Town of Montgomery

Notes To Financial Statements

December 31, 2022

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as other financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from certain franchise taxes, fines and court cost is not recognized until it is collected.

Use of Estimates

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Town of Montgomery

Notes To Financial Statements

December 31, 2022

Deferred Revenues

Deferred revenues represent grant funds not fully expended at the end of the year. Grant fund revenues are recognized in the subsequent year as funds are expended to complete the obligations of the grant agreement.

Budget Practices

Budget practices are governed by the Town's Home Rule Charter. In general, the Home Rule Charter considers the final budget from the previous year to be the original budget unless another original budget is adopted prior to the beginning of the year. Budgets are prepared for the Town's general fund by the Town Clerk under the supervision of the Mayor. Upon completion, the budget is submitted to the Board of Aldermen for approval. If amendments are necessary, the amended budgets are prepared and approved in the same manner as the original budget. The budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles.

Capital Assets

Capital assets are carried at historical cost including interest incurred during construction. Infrastructure capital assets consisting of streets, bridges, sidewalks and drainage systems acquired before August 1, 2003 are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Inventory

Inventories are limited to natural gas stored on the Town's behalf by the natural gas supplier. Inventories are reported at cost.

Statement of Cash Flows:

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

NOTE 2 - CASH AND CASH EQUIVALENTS

At December 31, 2022, cash balances were fully secured by FDIC coverage.

NOTE 3 - RECEIVABLES

Details related to receivables at December 31, 2022 are presented as follows:

Town of Montgomery

Notes To Financial Statements

December 31, 2022

	<u>Governmental</u>	<u>Business-Type</u>
Sales taxes	\$ 13,803	\$ ----
Ad valorem taxes	4,129	----
Franchise tax	3,974	----
Miscellaneous	5,900	----
Utility revenues	----	51,211
Allowance for doubtful accounts	----	(11,000)
Total receivables	<u>\$ 27,806</u>	<u>\$ 40,211</u>

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at December 31, 2022, consisted entirely of amounts due to vendors and employees.

NOTE 5 - AD VALOREM TAXES

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Grant Parish. For the year ended December 31, 2022, the Town levied 8.28 mills for general corporate purposes.

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

NOTE 6 – CAPITAL ASSETS

A summary of the property and equipment reported by the Town's enterprise funds at December 31, 2022 consists of the following.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Land	\$ 18,680	\$ ----	\$ ----	\$ 18,680
Total Not Subject to Depreciation	<u>\$ 18,680</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 18,680</u>
<u>Assets Being Depreciated:</u>				
Buildings and Improvements	\$ 279,225	\$ ----	----	\$ 279,225
Machinery and Equipment	97,818	----	----	97,818
Infrastructure	792,821	----	----	792,821
Total	<u>1,169,864</u>	<u>----</u>	<u>----</u>	<u>1,169,864</u>
Less Accumulated Depreciation	<u>244,493</u>	<u>56,448</u>	<u>----</u>	<u>300,941</u>
Total Net of Depreciation	<u>\$ 925,371</u>	<u>\$ (56,448)</u>	<u>\$ ----</u>	<u>\$ 868,923</u>

Town of Montgomery

Notes To Financial Statements

December 31, 2022

<u>Business-Type Activities</u>				
Land	\$ 37,015	\$ ----	\$ ----	\$ 37,015
<u>Assets Subject to Depreciation:</u>				
Construction in Process	\$ ----	\$ 58,136	\$ ----	\$ 58,136
Equipment	170,247	----	----	170,247
Gas Distribution System	649,784	----	----	649,784
Sewer System	1,889,250	----	----	1,889,250
Water Distribution System	2,063,790	----	----	2,063,790
Total	4,773,071	58,136	----	4,831,207
Less Accumulated Depreciation	3,760,965	83,646	----	3,844,611
Total Net of Depreciation	\$ 1,012,106	\$ (25,510)	\$ ----	\$ 986,596

Depreciation expense reported by various functions is presented as follows:

Governmental Activities:

Police Department	\$ 8,706
Recreation	8,101
Streets	39,641
Total Depreciation – Governmental Activities	\$ 56,448

Business-Type Activities:

Utility Services	\$ 83,646
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NOTE 7- RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 8 – OPERATING TRANSFERS

In order to supplement the general fund and provide resources necessary for the general fund to meet its obligations, various funds have provided transfers to the general fund. These transfers are summarized as follows:

Town of Montgomery

Notes To Financial Statements

December 31, 2022

	<u>Transfers In (Out)</u>	
	<u>General Fund</u>	<u>Utility Fund</u>
Transfers from funds with unrestricted surpluses to funds in need of additional resources	\$ 91,128	\$ (91,128)

Town of Montgomery

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual

Year Ended December 31, 2022

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ -	\$ -	\$ 105,280	\$ 105,280
Occupational licenses	-	-	34,290	34,290
Intergovernmental	-	-	343	343
Fines and Court Cost	-	-	24,484	24,484
Miscellaneous	-	-	8,839	8,839
Total revenues	-	-	173,236	173,236
General Government:				
Current				
General government	-	-	161,175	(161,175)
Public safety (law enforcement)	-	-	78,923	(78,923)
Public works (streets)	-	-	19,843	(19,843)
Culture and recreation	-	-	8,895	(8,895)
Contingency	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	268,836	(268,836)
Excess (deficiency) of revenues over expenditures	-	-	(95,600)	(95,600)
Other sources (uses)				
Operating transfers in	-	-	91,128	91,128
Operating transfers out	-	-	-	-
Net Change in Fund Balances	-	-	(4,472)	(4,472)
Fund balance - beginning of year	-	-	9,817	(9,817)
Fund balance - end of year	\$ -	\$ -	\$ 5,345	\$ (14,289)

TOWN OF MONTGOMERY
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
Year Ended December 31, 2022

Delores LeBaron	\$ 2,860
Derek Nelson	245
Jarrold Pinder	735
Sabrina Kuhlmann	565
Teresa Trichel	660
Von Gilcrease	885
Thomas Gongre	<u>225</u>
 Total	 <u><u>\$ 6,175</u></u>

Town of Montgomery

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the year ended December 31, 2022

	<u>Agency Head (Mayor)</u>
	Delores LeBaron
Purpose:	
Compensation	\$ 2,860
Benefits	-
Reimbursements	-
	<hr/>
Total	<u><u>\$ 2,860</u></u>

Town of Montgomery

**Justice System Funding Schedule - Collecting / Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session -
Cash Basis Presentation
For the Year Ended December 31, 2022**

	First Six Month Period Ended June 30, 2022	Second Six Month Period Ended December 31, 2022
Beginning Balance of Amounts Collected	<u>\$ -</u>	<u>\$ -</u>
Add: Collections		
Criminal Criminal/Costs/Fees	15,637	8,847
Subtotal Collections	<u>15,637</u>	<u>8,847</u>
Less: Disbursements to Governments & Nonprofits		
Central Louisiana Juvenile Detention Center	105	-
Dept. of Health and Hospitals - Head Injury Fund	-	25
Louisiana Commission on Law Enforcement - Court Cost	41	20
Louisiana Supreme Court Assessment	13	4
North Louisiana Crime Lab - Court Cost	30	10
State of Louisiana - CMIS Assessment	33	15
Less: Amounts Retained by the Town of Montgomery		
Self Disbursed Court Cost	15,415	8,773
Subtotal Disbursements / Retainage	<u>15,637</u>	<u>8,847</u>
Ending Balance of Amounts Collected but not Disbursed	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



October 24, 2023

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

To the Mayor and Board of Aldermen
Town of Montgomery, 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, each major fund, and the aggregate remaining fund information of the Town of Montgomery, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Montgomery's basic financial statements and have issued our report thereon dated October 24, 2023.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Town of Montgomery'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 Town of Montgomery's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Montgomery's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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



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a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs as items 2022-005, 2022-006 and 2022-007 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Montgomery's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004.

TOWN OF MONTGOMERY'S RESPONSE TO FINDINGS

Town of Montgomery's response to the findings identified in our audit is described in the accompanying schedule of Management's Corrective Action Plan. Town of Montgomery's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rozier, McKay & Willis
Certified Public Accountants

Town of Montgomery

Schedule of Findings

For the Year Ended December 31, 2022

PART I

Summary of Auditor's Results

- The Independent Auditors' Report on the financial statements of the Town of Montgomery as of December 31, 2022 and for the year then ended expressed a qualified opinion.
- The audit resulted in findings which are required to be reported as material weaknesses (2022-001 and 2022-002) and reportable conditions (2022-005, 2022-006 and 2022-007).
- The results of the audit disclosed instances of noncompliance (2022-003 and 2022-004) that are considered to be material to the financial statements of the Town of Montgomery.

PART II

Findings Relating to the Financial Statements Which are Required to be Reported in Accordance With Generally Accepted Governmental Auditing Standards

2022-001	Supporting Documentation (Originally Reported 2021)
Condition	Documentation was not available to support a substantial portion of payments to vendors selected for testing.
Criteria	Retaining adequate supporting documentation is an essential part of proper administration and establishing an audit trail to permit expressing an opinion on the financial statements.
Cause	Recordkeeping procedures were not sufficient to properly retain and retrieve adequate supporting documentation.
Effect	Due to the absence of supporting documentation, evidence was not available to support an opinion of amounts reported as expenses and expenditures.
Recommendations	Establish filing procedure that will permit retention of records, including invoices necessary to properly document payments made to vendors.

2022-002	Utility Operating Losses (Originally Reported 2021)
Condition	The Utility System reported substantial operating losses, resulting in depletion of the Systems financial condition. In addition, the financial condition was further depleted by operating transfers to the general fund.
Criteria	In order to sustain operations, utility rates should produce sufficient revenue to fully fund operating costs and any transfers to the general fund.
Cause	Rates have not been adjusted in recent years and existing rates do not appear sufficient to provide resources for operations and transfers. Since existing rates were adopted, inflation and the advancing age of the system have caused operating costs to escalate. In addition, the Town did not charge a fuel adjustment necessary to pass along increases in the cost of natural gas that the Town Purchases for resale to its utility customers.
Effect	Declining financial condition could eventually result in inability to deliver serves and sustain operations.
Recommendations	Conduct a rate study and establish rates necessary to properly operate the system.

2022-003	Budgeting (Originally Reported 2021)
Condition	Minutes of meetings held by the Board of Aldermen do not include action to adopt a budget for the year ended December 31, 2022.
Criteria	State Law and the Town's Home Rule Charter require the General Fund to operate under a duly adopted budget.
Cause	The absence of a budget appears to be result of an administrative oversight that occurred during a time following the resignation of the Town's Mayor.
Effect	Failure to adopt a budget resulted in violations of State Law and the Home Rule Charter.

Town of Montgomery

Schedule of Findings

For the Year Ended December 31, 2022

Recommendations	We suggest reviewing the applicable budget requirements and adopting a budget that conforms to the applicable requirements. In addition, the budget should be monitored on a monthly basis and amended if necessary to avoid unfavorable budget variances that might exceed limits permitted by Law.
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2022-004	Financial Reporting (Late Audit Submission) – (Originally Reported 2021)
Condition	The audit was not completed by the initial due date.
Criteria	State Law requires audits to be completed within six months of year end.
Cause	Financial records were not in proper condition to be audited within the required time period.
Effect	Non compliance with State Law.
Recommendations	Retain personnel with the necessary training and experience to perform timely financial reporting or retain a third party to complete the reporting on site.

2022-005	Reconciliation Discrepancies (Originally Reported 2021)
Condition	The General Fund bank account reconciliation included a variety of errors. In addition, the utility savings account, the meter deposit accounts and the ARPA account were not reconciled.
Criteria	Properly performing bank reconciliations is a vital part of properly reporting the Town’s financial affairs.
Cause	Ineffective monitoring of the reconciliation process.
Effect	Internal controls were not sufficient to prevent or detect and correct errors in a timely manner.
Recommendations	Retain personnel with the necessary training to properly report and reconcile bank activity for every account or retain a third party to perform onsite reconciliations. In addition, the governing body should review reconciliation reports as part of the financial review performed during regular monthly meetings.

2022-006	Payroll Documentation (Originally Reported 2022)
Condition	Employees have completed timesheets reporting their attendance but typically the documents contain no evidence of approval by the employee’s supervisor.
Criteria	Monitoring attendance is an important mechanism for ensuring that the Town receives fair value for the compensation provided to its employees. Due to the importance of the monitoring process, it should be documented by requiring a supervisor to approve each timesheet prior to issuing paychecks.
Cause	Failure to follow procedures for monitoring and documenting attendance.
Effect	The absence of an approval process limits the Town’s ability to prevent payroll fraud.
Recommendations	Require each employee’s attendance records to be approved by a supervisor prior to delivering compensation.

2022-007	Policies (Originally Reported 2022)
Condition	Formal guidance that communicates acceptable practices to employees is limited and to the extent it does exist, it is not routinely implemented of fully understood.
Criteria	Written policies can be an essential mechanism for communicating expectations to employees and holding employees responsible for accountable for performance.
Cause	An absence of written documentation that communicates expectations to employees. Workforce turnover experienced by the Town has resulted in a further need for measures of this nature.
Effect	Ineffective polices and poor performance.
Recommendations	Prepare a policy manual that communicates acceptable practices to employees. Some matters that should be addressed in a document of this nature are listed as follows: <ul style="list-style-type: none"> • Payroll and personnel polices including vacation, sick leave, and holidays. • Budgeting • Prohibitions against work on private property and use of public resources for private purposes.

Town of Montgomery

Schedule of Findings

For the Year Ended December 31, 2022

<ul style="list-style-type: none">• Purchasing and bidding.• Disbursements including procedures for issuing checks and making electronic payments.• Ethics and sexual harassment policies and training.• Expense documentation and record retention.• Policies for reconciling bank accounts.• Processing traffic tickets and operation of municipal court	<ul style="list-style-type: none">• Policies governing use of Town vehicles, equipment and fuel.• Use of credit and debit cards.• Travel and expense reimbursement.• Information technology and disaster recovery• Utility billing practices including acceptable documentation and approval for adjusting customer accounts• Alcohol and drug use.• Safety practices.
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Town of Montgomery

Management's Corrective Action Plan For the Year Ended December 31, 2022

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>2022-001: Supporting Documentation</u> Documentation was not available to support a substantial portion of payments to vendors selected for testing. See the Schedule of Findings for further details.</p>	<p><u>2022-001: Response</u> We are in the process of assembling a new administrative staff and record retention will be a priority for the new personal.</p>
<p><u>2022-002: Utility Operating Losses</u> The Utility System reported substantial operating losses, resulting in depletion of the Systems financial condition. In addition, the financial condition was further depleted by operating transfers to the general fund.</p>	<p><u>2022-002: Response</u> Evaluating utility rates will be a priority for the Town's upcoming agenda.</p>
<p><u>2022-003: Budgeting</u> Minutes of meetings held by the Board of Aldermen do not include action to adopt a budget for the year ended December 31, 2021. See the Schedule of Findings for further details.</p>	<p><u>2022-003: Response</u> A budget has been developed and implemented for the year ending December 31, 2023.</p>
<p><u>2022-004: Financial Reporting (Late Audit Submission)</u> The audit was not completed by the initial due date. See the Schedule of Findings for further details.</p>	<p><u>2022-004: Response</u> Our current audit was completed much earlier than the previous engagement. We expect continued progress will result in full compliance for the next operating cycle.</p>
<p><u>2022-005: Reconciliation Discrepancies</u> The General Fund bank account reconciliation included a variety of errors. In addition, the utility savings account, the meter deposit account and the ARPA account were not reconciled.</p>	<p><u>2022-005: Response</u> Current reconciliations were completed in a more timely manner and we will enhance efforts to fully comply with appropriate reconciliation procedures.</p>
<p><u>2022-006: Payroll Documentation</u> Employees have completed timesheets reporting their attendance but typically the documents contain no evidence of approval by the employee's supervisor.</p>	<p><u>2022-006: Response</u> We are considering adopting a comprehensive set of policies that will establish and enforcement processes for documenting and approving attendance.</p>
<p><u>2022-007: Policies</u> Formal guidance that communicates acceptable practices to employees is limited and to the extent it does exist, it is not routinely implemented or fully understood.</p>	<p><u>2022-007: Response</u> We will consider compiling and implementing a comprehensive set of policies and procedures.</p>
SECTION II MANAGEMENT LETTER	
No management letter was issued.	Response – N/A

Town of Montgomery

Schedule of Prior Year Findings For the Year Ended December 31, 2022

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>2021-001: Supporting Documentation</u> Documentation was not available to support a substantial portion of payments to vendors selected for testing. See the Schedule of Findings for further details.</p>	<p><u>1B2021-001: Unresolved</u> See 2022-001 for further details.</p>
<p><u>2021-002: Reconciliation Discrepancies</u> Amounts reported by the utility fund included an account described as "Reconciliation Discrepancies". Activity reported as reconciliation discrepancies consisted of amounts that were recorded merely to assist in reconciling the bank account. These amounts were recorded to expedite completing reconciliations rather than detecting and correcting all errors affecting the bank account. See the Schedule of Findings for further details.</p>	<p><u>1B2021-002: Unresolved</u> See 2022-005 for further details.</p>
<p><u>2021-003: Delinquent Payroll Tax Payments</u> State taxes withheld from employees were not remitted by the required due date. As a result, penalties associated with under payment were incurred. See the Schedule of Findings for further details.</p>	<p><u>1B2021-003: Resolved</u> Based on the available evidence, the Town was current on its payroll tax obligations at year end.</p>
<p><u>2021-004: Utility Operating Losses</u> The Utility System reported substantial operating losses, resulting in depletion of the Systems financial condition. In addition, the financial condition was further depleted by operating transfers to the general fund. See the Schedule of Findings for further details.</p>	<p><u>1B2021-004: Unresolved</u> See 2022-002 for further details.</p>
<p><u>2021-005: Budgeting</u> Minutes of meetings held by the Board of Aldermen do not include action to adopt a budget for the year ended December 31, 2021. See the Schedule of Findings for further details.</p>	<p><u>1B2021-005: Unresolved</u> See 2022-003 for further details.</p>
<p><u>2021-006: Financial Reporting (Late Audit Submission)</u> The audit was not completed by the initial due date. See the Schedule of Findings for further details.</p>	<p><u>1B2021-006: Unresolved</u> See 2022-004 for further details.</p>
SECTION II MANAGEMENT LETTER	
<p>No management letter was issued.</p>	<p>Response – N/A</p>

APPENDIX A
Statewide Agreed-Upon Procedures



Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Town of Montgomery and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Montgomery (the Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The entity has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period described above. 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.

We were engaged 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 entity 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.

Rozier, McKay & Willis
Certified Public Accountants
Alexandria, Louisiana
October 24, 2023



Rozier, McKay & Willis
Certified Public Accountants
Voice: 318.442.1608

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Alexandria, Louisiana 71301
Online: CenlaCPAs.com

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories. <ul style="list-style-type: none">• Budgeting• Purchasing• Disbursements• Receipts• Payroll/Personnel• Contracting• Credit Cards• Travel and expense reimbursements• Ethics• Debt Service• Disaster Recovery / Business Continuity• Sexual Harassment	No written policies or procedures were provided.	The small size of the Town's operations and staff limits the need for formal policies and procedures. In our experience, a clear understanding of job duties can be communicated informally.

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>Minutes indicate that meetings were held monthly with a quorum present.</p> <p>No budget was adopted for 2022.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p> <p>As part of correcting deficiencies in our financial reporting system, we intend to incorporate budget amounts into financial information submitted to the Town's governing body.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.</p> <p>d) 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.</p>	<p>For the previous year, the general fund reported a positive unrestricted fund balance.</p> <p>No updates were reported in the minutes.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>In the future, we intend to include resolution of audit findings as part of the regular agenda.</i></p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p>	<p>All deposit activity is conducted in a single location.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p>
<p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>Segregation is limited because the administrative staff is limited to two people, and it is sometimes necessary for these employees to assist each other with their duties.</p> <p>Due to the limited size of the staff, it is not always practical for each employee to use a drawer exclusively.</p>	<p>Due to limited resources, it is not practical to provide further segregation; however, the matter is mitigated by retaining a third party vendor to assist with bank reconciliations.</p> <p>Due to limited resources, it is not practical to provide further segregation; however, the matter is mitigated by retaining a third party vendor to assist with bank reconciliations.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p>	<p>Due to limited size of the staff complete segregations is not possible.</p>	<p>Due to limited resources, it is not practical to provide further segregation; however, the matter is mitigated by retaining a third party vendor to assist with bank reconciliations.</p>
<p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p>	<p>Due to limited size of the staff complete segregations is not possible.</p>	<p>Due to limited resources, it is not practical to provide further segregation; however, the matter is mitigated by retaining a third party vendor to assist with bank reconciliations.</p>
<p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>Due to limited size of the staff complete segregations is not possible.</p>	<p>Due to limited resources, it is not practical to provide further segregation; however, the matter is mitigated by retaining a third party vendor to assist with bank reconciliations.</p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>Based on the available documentation, no coverage appears to be in place.</p>	<p>We intend to review our insurance needs and structure coverage accordingly.</p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as</p>		

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
<p>a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. 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).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>Documentation of prenumbered receipts were not available for traffic ticket collections.</p> <p>Documentation was adequate.</p> <p>Deposit slips agreed with the bank statements.</p> <p>Deposits were made within a single business day.</p> <p>Deposits agreed with the bank statements.</p>	<p>We are in the process of reviewing procedures and will adopt revisions as necessary.</p> <p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>Procedures did not result in any findings or criticisms.</i></p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p> <p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p> <p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p> <p>b) At least two employees are involved in processing and approving payments to vendors.</p> <p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>All process is conducted at Town Hall.</p> <p>The Town does not extensively utilize purchase orders or other means of pre-approval.</p> <p>Checks require dual signatures.</p> <p>There are no policies restricting access to vendor files.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p> <p>Due to the Town's size and limited number of employees, purchasing is informal; however, the Council monitors expenditures by approving bills prior to payment.</p> <p><i>Procedures did not result in any findings or criticisms.</i></p> <p>Due to the limited size of the staff, restrictions of this nature are not practical.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p> <p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p> <p>11 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</p>	<p>Personnel with signature authority are responsible for mailing.</p> <p>Based on analysis of a sample of disbursements, documentation was not available to support a significant portion of the disbursements and the auditor's opinion was modified accordingly.</p> <p>Based on analysis of a sample of disbursements, documentation was not available to support a significant portion of the disbursements and the auditor's opinion was modified accordingly.</p> <p>Due to issues with record retention described above, documentation was not consistently available to support electronic transactions</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p> <p>The Town expects to resolve the issue by assigning responsibility for filing to new personnel.</p> <p>The Town expects to resolve the issue by assigning responsibility for filing to new personnel.</p> <p>The Town expects to resolve the issue by assigning responsibility for filing to new personnel.</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
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.		

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>12 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>Due to an absence of supporting documentation, auditors were unable to audit expenses and expenditures Due to the condition of the records and an overall absence of documentation, it was not practical to apply procedures to credit and debit cards.</p>	<p>We have revised our recordkeeping procedures and expect to have the necessary documentation to apply procedures during the next engagement.</p>
<p>13 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:</p>		
<p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p>	<p>See Above</p>	<p>See Above</p>
<p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>See Above</p>	<p>See Above</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
14 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	See Above	See Above

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p>	<p>Due to an overall absence of documentation supporting expenses, it was not practical to apply procedures to travel and reimbursements.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>	<p>We have revised our recordkeeping procedures and expect to have the necessary documentation to apply procedures during the next engagement.</p> <p>See Above</p> <p>See Above</p> <p>See Above</p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.	See Above	See Above

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 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:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>The list was provided.</p> <p>Bids were awarded based on a tabulation of responses performed by consulting engineers</p> <p>Approval was not required by the charter.</p> <p>No amendments were processed.</p> <p>Documentation agreed with contract terms.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>Procedures did not result in any findings or criticisms.</i></p> <p><i>Procedures did not result in any findings or criticisms.</i></p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>17 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>Management provided copies of W-2s issued by the Town for 2022.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p>
<p>18 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>Inspected the file containing timesheets for the month of November, attendance was documented.</p> <p>No evidence of approval by supervisors was present.</p> <p>Documentation supporting leave balances was not available.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p> <p>In the future, we intend to require documentation by supervisors for all workers.</p> <p>We are in the process of reviewing procedures and will adopt revisions as necessary.</p>
<p>19 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination</p>	<p>Not Applicable: Employees are not entitled to receive payment for unused leave upon termination.</p>	<p><i>Procedures did not result in any findings or criticisms.</i></p>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
20 payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. 20 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has provided representation that the obligations have been paid and filed timely.	<i>Procedures did not result in any findings or criticisms.</i>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
21 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and: a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period. b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.	No documentation was available. No documentation was available.	The Town will make arrangements to fulfill the requirements in the future. The Town will make arrangements to fulfill the requirements in the future.
22 Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.	No appointee was identified.	We will address the requirements of R.S. 42:1170 when circumstances permit.

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	Not Applicable: No debt was issued or outstanding.	<i>Procedures did not result in any findings or criticisms.</i>
24 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.	Not Applicable: No debt was issued or outstanding.	<i>Procedures did not result in any findings or criticisms.</i>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Fraud Notice		
Agreed-Upon Procedure	Results	Managements' Response
25 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.	No misappropriations were reported.	<i>Procedures did not result in any findings or criticisms.</i>
26 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.	The notice was posted physically and the Town does not maintain a website.	<i>Procedures did not result in any findings or criticisms.</i>

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Information Technology Disaster Recovery /Business Continuity		
Agreed-Upon Procedure	Results	Managements' Response
27 Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."		
a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.	We performed the procedure and discussed the results with management	Not Applicable
b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.	We performed the procedure and discussed the results with management	Not Applicable
c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.	We performed the procedure and discussed the results with management	Not Applicable
28 Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in	We performed the procedure and discussed the results with management	Not Applicable

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Information Technology Disaster Recovery /Business Continuity		
Agreed-Upon Procedure	Results	Managements' Response
procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.		

Town of Montgomery

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Sexual Harassment		
Agreed-Upon Procedure	Results	Managements' Response
<p>29 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.</p>	<p>No documentation was available.</p>	<p>Management is currently studying requirements related to sexual harassment, and will make arrangements fulfill requirements once the process is complete.</p>
<p>30 Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).</p>	<p>No evidence of posting was available.</p>	<p>Management is currently studying requirements related to sexual harassment, and will make arrangements fulfill requirements once the process is complete.</p>
<p>31 Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:</p> <ul style="list-style-type: none"> a. Number and percentage of public servants in the agency who have completed the training requirements; b. Number of sexual harassment complaints received by the agency; c. Number of complaints which resulted in a finding that sexual harassment occurred; d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and e. Amount of time it took to resolve each complaint. 	<p>Based on the available evidence no reporting was conducted.</p>	<p>Management is currently studying requirements related to sexual harassment, and will make arrangements fulfill requirements once the process is complete.</p>