

VILLAGE OF MER ROUGE, LOUISIANA

FINANCIAL REPORT

December 31, 2021

HILL, INZINA & COMPANY

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CONTENTS

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1 - 3
REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)	
Management's discussion and analysis	4 - 9
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net position	10 and 11
Statement of activities	12
Fund financial statements:	
Balance sheet - governmental funds - general fund	13
Statement of revenues, expenditures, and changes in fund balance - governmental fund - general fund	14
Reconciliation of governmental fund balance sheet to government-wide statement of net position	15
Reconciliation of governmental fund statement of revenues, expenditures, and changes in fund balance to government-wide statement of activities	16
Statement of net position - proprietary fund - water and sewer fund	17 and 18
Statement of revenues, expenses, and changes in fund net position - proprietary fund - water and sewer fund	19
Statement of cash flows - proprietary fund - water and sewer fund	20
Notes to financial statements	21 - 45
REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)	
Budgetary comparison schedule - governmental fund - general fund	46
Schedule of funding progress for other post employment benefit plan and schedule of employer contributions	47
Schedule of proportionate share of net pension liability - Municipal Employees' Retirement System of Louisiana ("MERSLA")	48
Schedule of contributions - MERSLA	49
Schedule of proportionate share of net pension liability - Municipal Police Employees' Retirement System of Louisiana ("MPERSLA")	50
Schedule of contributions - MPERSLA	51
OTHER SUPPLEMENTARY INFORMATION	
Schedule of mayor's and aldermen's compensation	52
Schedule of compensation, benefits, and other payments to agency head	53
Justice system funding schedule	54

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 <i>GOVERNMENT AUDITING STANDARDS</i>	55 and 56
SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION	57 and 58
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	59

HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT

Honorable John D. McAdams, III, Mayor,
and Members of the Board of Aldermen
Village of Mer Rouge, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Village of Mer Rouge, Louisiana (the "Village"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Village as of December 31, 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- * Exercise professional judgment and maintain professional skepticism throughout the audit.
- * Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- * Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, the schedule of funding progress, the schedules of proportionate share of net pension liability, and the schedules of contributions 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 Governmental Accounting Standards Board (GASB), 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, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The schedules of compensation are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of compensation are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of compensation are 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 August 29, 2022, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

/s/ Hill, Inzina & Co.

August 29, 2022

REQUIRED SUPPLEMENTARY INFORMATION (Part 1 of 2)

VILLAGE OF MER ROUGE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As of and for the Year Ended December 31, 2021

As management of Village of Mer Rouge, Louisiana (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended December 31, 2021. This discussion and analysis of management is designed to provide an objective and easy-to-read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Village based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify individual issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and supplementary information that are provided in addition to this discussion and analysis of management.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements, the Village also includes in a subsequent section of this report additional information to supplement the basic financial statements.

1. Government-wide financial statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and deferred outflows of resources and the liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening. Evaluation of the overall economic health of the Village would extend to other nonfinancial factors in addition to the financial information provided in this report.

The statement of activities presents information detailing how the Village's net position changed during the most recent year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the citizenry of the Village.

The government-wide financial statements report governmental activities of the Village that are principally supported by tax revenues. Governmental activities include general administrative, sanitation, public safety (police), and public works (streets) services.

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village as a whole with major funds being separately reported.

The Village has two types of funds:

1. The governmental fund is reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near term.
2. The proprietary fund is reported in the fund financial statements and generally reports services for which the Village charges customers a fee. The fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village. Proprietary fund financial statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. A reconciliation from both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances to the government-wide statements is provided to assist in understanding the differences between these two perspectives.

3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes begin immediately following the basic financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net position (in thousands of dollars) of the Village as of December 31:

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,213	\$ 1,060	\$ 304	\$ 300	\$ 1,517	\$ 1,360
Capital assets	1,256	1,293	1,071	1,180	2,327	2,473
Total assets	<u>\$ 2,469</u>	<u>\$ 2,353</u>	<u>\$ 1,375</u>	<u>\$ 1,480</u>	<u>\$ 3,844</u>	<u>\$ 3,833</u>
Deferred outflows of resources	\$ 85	\$ 34	\$ 22	\$ 37	\$ 107	\$ 71
Other liabilities	\$ 543	\$ 449	\$ 578	\$ 621	\$ 1,121	\$ 1,070
Deferred inflows of resources	\$ 184	\$ 148	\$ 38	\$ 1	\$ 222	\$ 149
Net position:						
Net investment in capital assets	\$ 1,256	\$ 1,293	\$ 1,071	\$ 1,180	\$ 2,327	\$ 2,473
Unrestricted (deficit)	<u>571</u>	<u>497</u>	<u>(290)</u>	<u>(285)</u>	<u>281</u>	<u>212</u>
Total net position	<u>\$ 1,827</u>	<u>\$ 1,790</u>	<u>\$ 781</u>	<u>\$ 895</u>	<u>\$ 2,608</u>	<u>\$ 2,685</u>

As noted earlier, net position may serve over time as a useful indicator of the Village's financial position. The Village will use the unrestricted net position to meet the ongoing obligations to users of its services and creditors. By far the largest portion of the Village's net position as December 31, 2021 consisted of the investment in capital assets. The Village uses these capital assets to provide services to its citizenry; consequently, these assets are not available for future spending.

The following summarizes the Village's net position changes (in thousands of dollars) between the two years ended December 31, 2021 and 2020:

	Governmental Activities		Business-Type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 145	\$ 129	\$ 331	\$ 317	\$ 476	\$ 446
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Taxes	481	446	-	-	481	446
Intergovernmental	20	15	-	-	20	15
Unrestricted investment earnings	21	14	1	3	22	17
Special items:						
Net gain on sale of capital assets	-	-	-	-	-	-
Operating transfers in (out)	-	-	-	-	-	-
Total revenues and special items	<u>\$ 667</u>	<u>\$ 604</u>	<u>\$ 332</u>	<u>\$ 320</u>	<u>\$ 999</u>	<u>\$ 924</u>
Expenses:						
General government	\$ 339	\$ 329	\$ -	\$ -	\$ 339	\$ 329
Public safety	212	187	-	-	212	187
Public works	7	4	-	-	7	4
Depreciation	72	74	-	-	72	74
Water and sewer	-	-	446	493	446	493
Total expenses	<u>\$ 630</u>	<u>\$ 594</u>	<u>\$ 446</u>	<u>\$ 493</u>	<u>\$ 1,076</u>	<u>\$ 1,087</u>
Increase (decrease) in net positions	\$ 37	\$ 10	\$(114)	\$(173)	\$(77)	\$(163)
Net positions - beginning	<u>1,790</u>	<u>1,780</u>	<u>895</u>	<u>1,068</u>	<u>2,685</u>	<u>2,848</u>
Net positions - ending	<u>\$ 1,827</u>	<u>\$ 1,790</u>	<u>\$ 781</u>	<u>\$ 895</u>	<u>\$ 2,608</u>	<u>\$ 2,685</u>

The Village's total revenues increased by \$75,000 while the total cost of all programs and services decreased by \$11,000. The Village's expenses cover a range of services with the majority related to personnel costs.

Governmental Activities

General revenues are those available for the Village to pay for the governmental activities. For the year ended December 31, 2021, taxes were the largest general revenue source for the Village. Sales taxes were the largest individual tax revenue source.

Program revenues derive directly from the program itself or from parties outside the Village's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the Village's general revenues.

Business-Type Activities

Charges for services of the business-type activities for the year ended December 31, 2021 increased \$14,000 from the previous year.

Financial Analysis of Governmental Fund

As of December 31, 2021, the Village's governmental fund reported an ending fund balance of \$965,327, an increase of \$55,678 from \$909,649 as of December 31, 2020. The fund balance of the governmental fund is classified as unassigned as it is available for any purpose.

Budgetary Highlights

The Village made amendments to its General Fund budget for the year ended December 31, 2021. Actual revenues of the General Fund of \$661,646 failed to meet budgeted revenues of \$715,000 by \$53,354 (7.5%). Actual expenditures of \$605,968 were less than budgeted expenditures of \$731,590 by \$125,622. The revenue shortage resulted from the Village recording ARPA funds as current intergovernmental revenues while ARPA funds were reclassified as deferred revenue in the government-wide and fund financial statements.

Capital Assets

As of December 31, 2021, the Village had invested \$2.33 million in a broad range of capital assets, including land, buildings, vehicles, streets, and water and sewer systems. Only one piece of equipment was purchased during the year ended December 31, 2021.

Liabilities

Liabilities for both net pension and other postemployment benefits (OPEB) are reported in the Village's statement of net position for government wide activities as of December 31, 2021. Additional information about these liabilities are presented in the notes to financial statements.

Economic Factors and Next Year's Budget

Total revenues in the Village's proposed budget for the General Fund for the year ending December 31, 2022 remained the same as the final total budgeted for the year ended December 31, 2021 while budgeted expenditures were increased by only \$18,000. A beginning fund balance of \$893,059 was included in the proposed 2022 budget for the General Fund while \$965,327 was actually available.

The American Rescue Plan Act ("ARPA") was signed into law on March 11, 2021 providing additional financial relief to the effects of the COVID-19 pandemic. During the current year the Village received \$101,524 of ARPA funds and is expected to receive additional ARPA funds of \$101,524 in 2022.

Requests for Information

This financial report is designed to provide a general overview of the Village's financial picture for all those with an interest in the Village's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Clerk, P.O. Box 238, Mer Rouge, Louisiana 71261-0238.

BASIC FINANCIAL STATEMENTS

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF NET POSITION

December 31, 2021

ASSETS	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Totals</u>
Cash	\$ 714,188	\$ 44,243	\$ 758,431
Pooled deposits	58,656	-	58,656
Certificates of deposit	345,136	151,797	496,933
Receivables:			
Property taxes	9,317	-	9,317
Accounts	-	17,899	17,899
Due from other funds	85,964	63,879	149,843
Restricted assets:			
Cash	-	9,206	9,206
Certificates of deposit	-	17,000	17,000
Capital assets:			
Land	74,583	20,110	94,693
Other capital assets, net of depreciation	<u>1,181,632</u>	<u>1,050,617</u>	<u>2,232,249</u>
Total assets	<u>\$ 2,469,476</u>	<u>\$ 1,374,751</u>	<u>\$ 3,844,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources related to pensions	<u>\$ 85,343</u>	<u>\$ 21,677</u>	<u>\$ 107,020</u>
LIABILITIES			
Accounts payable	\$ 488	\$ 1,086	\$ 1,574
Payroll withholdings	8,485	99	8,584
Due to other funds	54,416	101,758	156,174
Deferred revenue	101,524	-	101,524
Payable from restricted assets:			
Customers' deposits	-	24,910	24,910
Net pension liability	157,851	128,169	286,020
Net OPEB obligation	<u>220,230</u>	<u>322,191</u>	<u>542,421</u>
Total liabilities	<u>\$ 542,994</u>	<u>\$ 578,213</u>	<u>\$ 1,121,207</u>

(continued)

VILLAGE OF MER ROUGE, LOUISIANA
STATEMENT OF NET POSITION (Continued)
December 31, 2021

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	\$ 83,021	\$ -	\$ 83,021
Resources related to pensions	<u>101,521</u>	<u>37,579</u>	<u>139,100</u>
Total deferred inflows of resources	<u>\$ 184,542</u>	<u>\$ 37,579</u>	<u>\$ 222,121</u>
 NET POSITION			
Net investment in capital assets	\$ 1,256,215	\$ 1,070,727	\$ 2,326,942
Unrestricted (deficit)	<u>571,068</u>	<u>(290,091)</u>	<u>280,977</u>
Total net position	<u>\$ 1,827,283</u>	<u>\$ 780,636</u>	<u>\$ 2,607,919</u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF ACTIVITIES
As of and for the Year Ended December 31, 2021

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	
			<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Governmental activities:				
Current:				
General government	\$ 338,513	\$ 119,233	\$ -	\$ -
Public safety	211,424	26,084	-	-
Public works	7,287	-	-	-
Depreciation	<u>72,205</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ 629,429	\$ 145,317	\$ -	\$ -
Business-type activities:				
Water and sewer	<u>445,824</u>	<u>331,242</u>	<u>-</u>	<u>-</u>
Total government	<u>\$ 1,075,253</u>	<u>\$ 476,559</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property

Franchise

Sales

Intergovernmental

Unrestricted investment earnings and
miscellaneous

Total general revenues

Changes in net positions

Net positions - beginning

Net positions - ending

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Totals</u>
\$(219,280)	\$ -	\$(219,280)
(185,340)	-	(185,340)
(7,287)	-	(7,287)
<u>(72,205)</u>	<u>-</u>	<u>(72,205)</u>
\$(484,112)	\$ -	\$(484,112)
<u>-</u>	<u>(114,582)</u>	<u>(114,582)</u>
<u>\$(484,112)</u>	<u>\$(114,582)</u>	<u>\$(598,694)</u>
\$ 77,755	\$ -	\$ 77,755
25,165	-	25,165
377,769	-	377,769
19,739	-	19,739
<u>21,162</u>	<u>444</u>	<u>21,606</u>
<u>\$ 521,590</u>	<u>\$ 444</u>	<u>\$ 522,034</u>
\$ 37,478	\$(114,138)	\$(76,660)
<u>1,789,805</u>	<u>894,774</u>	<u>2,684,579</u>
<u>\$ 1,827,283</u>	<u>\$ 780,636</u>	<u>\$ 2,610,919</u>

VILLAGE OF MER ROUGE, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUND - GENERAL FUND

December 31, 2021

ASSETS

Cash	\$	714,188
Pooled deposits		58,656
Certificates of deposit		345,136
Property taxes receivable		9,317
Due from other funds		<u>85,964</u>
Total assets	\$	<u>1,213,261</u>

LIABILITIES

Accounts payable	\$	488
Payroll withholdings and accruals		8,485
Deferred revenue		101,524
Due to other funds		<u>54,416</u>
Total liabilities	\$	164,913

DEFERRED INFLOWS OF RESOURCES

Property taxes		83,021
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FUND BALANCE

Unassigned		<u>965,327</u>
Total liabilities, deferred inflows of resources, and fund balance	\$	<u>1,213,261</u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND - GENERAL FUND
As of and for the Year Ended December 31, 2021

Revenues:		
Taxes	\$	480,689
Licenses and permits		88,193
Intergovernmental		19,739
Fees, charges, and commissions for services		31,040
Fines and forfeitures		26,084
Interest and miscellaneous		15,901
Total revenues	\$	<u>661,646</u>
Expenditures:		
Current:		
General government	\$	344,231
Public safety		219,308
Public works		7,287
Capital outlay		35,142
Total expenditures	\$	<u>605,968</u>
Net change in fund balance	\$	55,678
Fund balance - beginning		<u>909,649</u>
Fund balance - ending	\$	<u>965,327</u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2021

Total fund balance - governmental fund balance sheet	\$ 965,327
Amounts reported for governmental activities in 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.	1,256,215
Net pension liability does not require the use of current financial resources and therefore is not reported in the funds.	(174,029)
Contributions to the OPEB obligation are reported as expenditures in the governmental funds. However, these amounts are reported as a reduction of long-term liabilities in the governmental activities.	<u>(220,230)</u>
Total net position of governmental activities - government-wide statement of net position	<u>\$ 1,827,283</u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
December 31, 2021

Net change in fund balance - governmental fund \$ 55,678

Amounts reported for governmental activities in statement of activities are different because:

The governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$72,205) exceeded capital outlays (\$35,142) in the current period. (37,063)

Proportionate share of non-employer contributions to pension plans do not provide current financial resources and are not reported as revenue in the governmental funds. 5,261

Governmental funds report current year pension contributions as expenditures. However, in the statement of activities, these contributions are reported as deferred inflows of resources and the proportionate share of the plans' pension expense is reported as such. 22,983

OPEB obligations reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (9,381)

Changes in net position of governmental activities - government-wide statement of activities \$ 37,478

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF NET POSITION - PROPRIETARY FUND - WATER AND SEWER FUND
December 31, 2021

ASSETS

Current assets:		
Cash	\$	44,243
Certificates of deposit		151,797
Accounts receivable		17,899
Due from other funds		63,879
Noncurrent assets:		
Restricted assets:		
Cash		9,206
Certificates of deposit		17,000
Capital assets:		
Land		20,110
Other capital assets, net of depreciation		1,050,617
Total assets	\$	<u>1,374,751</u>

DEFERRED OUTFLOWS OF RESOURCES

Resources related to pensions	\$	<u>21,677</u>
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LIABILITIES

Current liabilities:		
Accounts payable	\$	1,086
Payroll withholdings		99
Due to other funds		101,758
Payable from restricted assets:		
Customers' deposits		24,910
Total current liabilities	\$	<u>127,853</u>
Long-term liabilities:		
Net pension	\$	128,169
Net OPEB obligation		322,191
Total long-term liabilities	\$	<u>450,360</u>

DEFERRED INFLOWS OF RESOURCES

Resources related to pensions	\$	<u>37,579</u>
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(continued)

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF NET POSITION - PROPRIETARY FUND -
WATER AND SEWER FUND (Continued)

December 31, 2021

NET POSITION

Net investment in capital assets	\$ 1,070,727
Unrestricted (deficit)	<u>(290,091)</u>
Total net position	<u><u>\$ 780,636</u></u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION - PROPRIETARY FUND - WATER AND SEWER FUND
As of and for the Year Ended December 31, 2021

Operating revenues:	
Water and sewer fees	\$ 322,677
Miscellaneous	<u>8,565</u>
Total operating revenues	<u>\$ 331,242</u>
Operating expenses:	
Depreciation	\$ 109,402
Insurance	56,086
Office	1,839
Other	15,081
Repairs and maintenance	53,413
Retirement	19,754
Salaries	109,100
Supplies	35,262
Taxes - payroll	8,312
Utilities and fuel	<u>18,498</u>
Total operating expenses	<u>\$ 426,747</u>
Operating income (loss)	<u>\$(95,505)</u>
Nonoperating revenues (expenses):	
Interest	\$ 444
Net OPEB adjustment	<u>(19,077)</u>
Total nonoperating revenues (expenses)	<u>\$(18,633)</u>
Change in net position	\$(114,138)
Net position - beginning	<u>894,774</u>
Net position - ending	<u>\$ 780,636</u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND -
WATER AND SEWER FUND

As of and for the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net position	\$(114,138)
Adjustments to reconcile increase (decrease) in net position to net cash provided by operating activities:	
Depreciation	109,402
(Increase) decrease in accounts receivable	633
(Increase) decrease in due from other funds	(4,026)
(Increase) decrease in deferred outflows	15,552
Increase (decrease) in accounts payable	1,086
Increase (decrease) in accrued expenses	(3)
Increase (decrease) in due to other funds	1,059
Increase (decrease) in liabilities payable from restricted assets	3,663
Increase (decrease) in deferred inflows	36,471
Increase (decrease) in net pension	(67,265)
Increase (decrease) in OPEB obligation	<u>19,077</u>
Net cash provided by operating activities	\$ 1,511

CASH FLOWS FROM (USED BY) INVESTING ACTIVITIES

Purchase of certificates of deposit	<u>(423)</u>
Net increase in cash	\$ 1,088
Cash - beginning	<u>52,361</u>
Cash - ending	<u><u>\$ 53,449</u></u>

See notes to financial statements.

VILLAGE OF MER ROUGE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2021

Note 1. Organization and Summary of Significant Accounting Policies

Village of Mer Rouge, Louisiana (the “Village”), operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in northeast Louisiana, its population is approximately 600, and it employs approximately 10 people. As of December 31, 2021, the Village services approximately 380 utility customers and maintains approximately three miles of streets.

The Village provides general administrative, public safety (police), public works (streets), and utility services.

GASB Statement No. 14, *The Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations Are Component Units- an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these statements, the Village is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statements No. 14 and 39, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization’s governing body, and
 - a. the ability of the municipality 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 municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity’s financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

NOTES TO FINANCIAL STATEMENTS

Based on the criteria, the Village has determined that Sewer District No. 1 of Village of Mer Rouge, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government (the Village) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered also in the determination of component units of the reporting entity were Sixth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana, and Mer Rouge Volunteer Fire Department. It was determined that this governmental and volunteer entity, respectively, are not component units of the Village's reporting entity.

The more significant of the Village's accounting policies are described below:

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Village as a whole. The statements distinguish governmental activities, generally supported by taxes and general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (a) charges for services which include licenses, permits, fees, fines, forfeitures, and other charges to users of the Village's services; (b) operating grants and contributions which finance annual operating activities; and (c) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

Fund Financial Statements:

Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported in separate columns.

Basis of Accounting, Measurement Focus, and Financial Statement Presentation:

The financial statements of the Village are prepared in accordance with generally accepted accounting principles. The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassifications or eliminations of internal activity (between or within funds). However, internal eliminations do not include services provided to Village departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Village considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual are property taxes, sales taxes, intergovernmental revenues, and water and sewer fees. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statement includes revenues and expenses related to primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues are classified as nonoperating in the financial statement.

NOTES TO FINANCIAL STATEMENTS

Fund Types and Major Funds:

The Village reports the following major governmental fund:

General Fund - the general operating fund of the Village and accounts for all financial resources, except those required to be accounted for in other funds.

The Village reports the following major proprietary fund:

Water and Sewer Fund - accounts for operations where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Budgets and Budgetary Accounting:

The Board of Aldermen adopted annual budgets for the General Fund and Water and Sewer Fund on December 8, 2020. The annual budgets were prepared in accordance with the basis of accounting utilized by the funds. The Village Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. Amendments were made to both budgets on December 14, 2021 and the budgetary comparison schedule, included as supplementary information in the accompanying financial statements, includes the original and final budgeted amounts of the General Fund. All annual appropriations lapse at fiscal year end.

Use of Estimates:

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

NOTES TO FINANCIAL STATEMENTS

Cash and Certificates of Deposit:

Cash includes amounts in demand and time deposits. Under state law, the Village may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

State law and the Village's investment policy allow the Village to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Certificates of deposit and pooled deposits of the Village are reported at cost, which approximates market value.

Receivables:

Significant receivables include property taxes and amounts due from customers for utility services. Un-billed utility service receivables resulting from utility services rendered from the last date prior to the end of the fiscal year that meters were read to the end of the fiscal year are considered immaterial in amount and are not included in the amounts recorded as due from utility customers.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. Village management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Restricted Assets/Liabilities:

Meter deposits collected from utility customers are restricted to payment of amounts owed to the Village and/or refunded to the customer upon the customer no longer utilizing the system.

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

NOTES TO FINANCIAL STATEMENTS

Interfund Transactions:

Activity between funds that are representative of lending/borrowing arrangements and other miscellaneous receivables/payables outstanding at the end of the fiscal year are reported as due to/from other funds (i.e. the current portion of interfund loans) in the fund financial statements.

Transfers and payments within the reporting entity that are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis are reported as transfers between funds of the reporting entity.

Interfund transactions are eliminated in the government-wide financial statements while all are reported in the fund financial statements.

Capital Assets and Depreciation:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., streets and water and sewer system), with useful lives of more than one year are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All other infrastructure assets (e.g., bridges, drainage systems, and similar items) are considered fully depreciated by the Village and are not included in the government-wide financial statements. Capital assets are recorded at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Village maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20 - 40 years
Machinery and equipment	5 - 15 years
Streets	40 years
Water and sewer system	20 - 40 years

NOTES TO FINANCIAL STATEMENTS

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System and the Municipal Police Employees Retirement System (the “Plans”), and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village’s deferred outflows and deferred inflows are resources related to pensions.

Compensated Absences:

Allowable annual vacation and sick leave is prescribed by municipal ordinance, based on length of continuous employment by the Village, accrued on an employment anniversary basis, and accrued to specified maximums.

The Village’s recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees’ rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

NOTES TO FINANCIAL STATEMENTS

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

No liability existed as of December 31, 2021 for accrued salaries or compensated absences, resulting from unused vacation time at the end of the year, and therefore no liability was recorded in the government-wide or fund financial statements. Neither was a liability for non-vesting accumulating rights to receive sick pay benefits recorded.

Compensated absences are paid from the fund responsible for the employee's compensation.

Equity Classifications:

In the government-wide and proprietary fund financial statements, equity is classified as net position and classified into two components:

1. Net investment in capital assets - consists of capital assets net of accumulated depreciation.
2. Unrestricted - consists of all other assets.

In the fund financial statements, governmental fund equity is classified as unassigned fund balance. These statements provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on the Village's fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

NOTES TO FINANCIAL STATEMENTS

1. Nonspendable - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
2. Restricted - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
3. Committed - amounts constrained to specific purposes by the Village itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Village takes the same highest level of action to remove or change the constraint;
4. Assigned - amounts that the Village intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
5. Unassigned - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Revenue Recognition - Property and Sales/Use Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November, and are due and payable on or before December 31 of the same year or the unpaid taxes become delinquent. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. The Village's property tax revenues are recognized as deferred revenue when levied.

Sales/use taxes collected and held by another government at year end on behalf of the Village and those collected by another government and remitted to the Village within 60 days after December 31 for preceding months are recognized as revenue. The sales/use taxes are collected by Morehouse Sales and Use Tax Commission and remitted to the Village.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Deposits

The following is a summary of cash and deposits of the Village as of December 31, 2021:

Non-pooled deposits:

Non-interest bearing demand deposits	\$ 265,166
Time deposits	793,758
Petty cash	400
Pooled deposits	58,656
	\$ 1,117,980

Under state law, the deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held jointly in the name of the pledging fiscal agent bank and the Village in a holding or custodial bank that is mutually acceptable to both parties.

As of December 31, 2021, the Village had \$1,301,447 in deposits (collected bank balances). These deposits were secured from risk by \$500,000 of federal deposit insurance and \$801,447 of pledged securities held by Mer Rouge State Bank in the Village's name.

There were no repurchase or reverse repurchase agreements as of December 31, 2021.

Note 3. Property and Sales Taxes

For the year ended December 31, 2021, property taxes of 10.89 mills were levied on property with assessed valuations totaling \$7,623,611 as follows:

	<u>Authorized</u> <u>Millage</u>	<u>Levied</u> <u>Millage</u>	<u>Expiration</u> <u>Date</u>
General corporate purposes	7.00	7.13	Perpetual
Streets	3.66	3.76	2021

NOTES TO FINANCIAL STATEMENTS

The following are the principal property taxpayers for the Village:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Property Tax Revenue</u>
Kennedy Rice Dryers, LLC	\$ 1,448,749	19%	\$ 15,777
Greenpoint Ag, LLC	658,721	5%	7,173
Goldman Equipment LLC	591,428	4%	6,441
Nutrien Ag Solutions Inc.	542,824	4%	5,911

Total property taxes levied were \$83,021. As of December 31, 2021, property taxes receivable was \$9,317.

For the year ended December 31, 2021, sales and use taxes of 2% were levied for police protection and any and all other useful corporate purposes. These taxes will expire June 30, 2024.

Note 4. Restricted Assets and Liabilities Payable from Same

Restricted assets of \$26,206 of the Water and Sewer Fund consists of meter deposits collected from utility customers. A related liability of \$24,910 has been recorded for the payment of amounts that will be owed to the Village and/or refunded to customers upon the customers no longer utilizing the system.

Note 5. Interfund Payables

Interfund payables reported in the fund financial statements as of December 31, 2021 are out of balance by \$6,331, an amount related to the net pension liability that was recorded in the Water and Sewer Fund's financial statements but only required to be reported in the government-wide financial statements of the General Fund.

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2021 for the Village is as follows:

	Balance January <u>1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December <u>31, 2021</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 74,583	\$ -	\$ -	\$ 74,583
Capital assets being depreciated:				
Buildings	\$ 417,932	\$ -	\$ -	\$ 417,932
Equipment and vehicles	477,189	35,142	(23,445)	488,886
Streets and sidewalks	<u>1,143,234</u>	<u>-</u>	<u>-</u>	<u>1,143,234</u>
Total capital assets being depreciated	<u>\$2,038,355</u>	<u>\$ 35,142</u>	<u>\$(23,445)</u>	<u>\$2,050,052</u>
Less accumulated depreciation for:				
Buildings	\$ 226,406	\$ 11,567	\$ -	\$ 237,973
Equipment and vehicles	379,260	32,057	(23,445)	387,872
Streets and sidewalks	<u>213,994</u>	<u>28,581</u>	<u>-</u>	<u>242,575</u>
Total accumulated depreciation	<u>\$ 819,660</u>	<u>\$ 72,205</u>	<u>\$(23,445)</u>	<u>\$ 868,420</u>
Total capital assets being depreciated, net	<u>\$1,218,695</u>	<u>\$(37,063)</u>	<u>\$ -</u>	<u>\$1,181,632</u>

NOTES TO FINANCIAL STATEMENTS

	Balance January <u>1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Balance December <u>31, 2021</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 20,110	\$ -	\$ -	\$ 20,110
Capital assets being depreciated:				
Water and sewer systems	\$3,576,396	\$ -	\$ -	\$3,576,396
Buildings	40,459	-	-	40,459
Equipment and vehicles	67,500	-	-	67,500
Total capital assets being depreciated	<u>\$3,684,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,684,355</u>
Less accumulated depreciation for:				
Water and sewer systems	\$2,448,595	\$ 104,867	\$ -	\$2,553,462
Buildings	11,766	1,012	-	12,778
Equipment and vehicles	63,975	3,523	-	67,498
Total accumulated depreciation	<u>\$2,524,336</u>	<u>\$ 109,402</u>	<u>\$ -</u>	<u>\$2,633,738</u>
Total business-type assets being depreciated, net	<u>\$1,160,019</u>	<u>\$(109,402)</u>	<u>\$ -</u>	<u>\$1,050,617</u>

Depreciation expense of the governmental activities of \$72,205 is reported separately in the statement of activities in that the expense essentially serves all functions.

Note 7. Pension Plans and Other Pension Liabilities

The Village's employees are provided with benefits through the following multiple-employer cost-sharing plans:

- MERSLA (Plan A) provides retirement benefits to employees of all incorporated villages, towns, and cities within the state that do not have their own retirement system and have elected to become members of the system.
- MPERSLA provides retirement benefits to municipal police officers.

NOTES TO FINANCIAL STATEMENTS

General Information About the Plans:

- MERSLA membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership, with exceptions outlined in the Louisiana Revised Statutes. The Village participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:
 - Any age with 25 or more years of creditable service
 - Age 60 with a minimum of 10 years of creditable service
 - Any age with 5 years of creditable service for disability benefits
 - Survivor's benefits require 5 years of creditable service at death of member
 - Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 67 with 7 or more years of creditable service
- Age 62 with 10 or more years of creditable service
- Age 55 with 30 or more years of creditable service
- Any age with 25 years of service, exclusive of military service and unused side leave, with an actuarially reduced early benefit.

Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death, and disability benefits are also provided under the plan.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

NOTES TO FINANCIAL STATEMENTS

The plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from nonemployer contributing entities, but are not considered as special funding situations. Nonemployer contributions are recognized as revenues and excluded from pension expense in the government-wide financial statements.

For the year ended December 31, 2021, the actual employer contribution rate was 29.5%, which is calculated on an actuarial basis each year. Under Plan A, members are required by state statute to contribute 10% of their annual covered salary. Contributions to the system also include 1/4 of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. The Village's contributions to the system under Plan A for the years ended December 31, 2021, 2020, and 2019 were \$47,648, \$42,823, and \$38,455 respectively, equal to the required contributions for each year.

- MPERSLA membership is mandatory for any full-time police officer employed by a municipality of the state and engaged in law enforcement, empowered to make arrests, provided that the officer is not required to pay Social Security, and otherwise meets statutory criteria. For members hired before January 1, 2013, the plan provides retirement benefits to any member who has:
 - 25 years of creditable service, or
 - 20 years of creditable service who has attained age 50, or
 - 12 years of service who has attained age 55, or
 - 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3 % of average final compensation (average monthly earnings during the highest 36 consecutive months) times the number of years' service, not to exceed 100% of final salary.

For members hired after January 1, 2013, benefits are based on the Hazardous Duty sub-plan or the Nonhazardous Duty sub-plan. Under the Hazardous Duty sub-plan, a member is eligible for benefits after:

- 25 years of creditable service at any age, or
- 12 years of creditable service at age 55.

Under the Nonhazardous Duty sub-plan, a member is eligible for benefits after:

- 30 years of creditable service at any age, or
- 25 years of creditable service at age 55, or
- 10 years of creditable service at age 60.

NOTES TO FINANCIAL STATEMENTS

Under both sub-plans, a member is eligible for early retirement after 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3% and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

The plan also provides survivor, death, and disability benefits.

In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, both employer and employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. Interest is earned when the member has completed DROP participation, based on the actual rate of return less one-half percentage point on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended December 31, 2021, employer contributions ranged from 29.75% to 33.75% for employees hired prior to January 1, 2013 and for Hazardous Duty employees hired after January 1, 2013. For Nonhazardous Duty employees hired after January 1, 2013, employer contributions were 33.75%.

The plan also receives insurance premium tax monies appropriated by the state legislature as additional employer contributions and considered support from a nonemployer contributing entity, but are not considered a special funding situation.

Plan members are required by state statute to contribute 10.0% of their annual covered salary. The Village's contributions to the system for the years ended December 31, 2021, 2021, and 2019 were \$4,531, \$8,873, and \$0 respectively, equal to the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources:

As of December 31, 2021, the Village reported a total of \$285,946 for its proportionate shares of the net pension liability of the plans, as follows:

MERSLA		\$ 217,864
MPERSLA		<u>68,082</u>
		<u>\$ 285,946</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Village’s proportion of the net pension liability was based on projections of the Village’s long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined. The Village’s proportions of each plan were as follows:

	<u>Year Ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
MERSLA	.08%	.08%
MPERSLA	.01%	.00%

For the year ended December 31, 2021, the Village recognized pension expense as follows:

MERSLA		\$ 33,143
MPERSLA		<u>(422)</u>
		<u>\$ 27,221</u>

NOTES TO FINANCIAL STATEMENTS

In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERSLA</u>	<u>MPERSLA</u>	<u>Totals</u>
Deferred outflows of resources:			
Changes in proportion	\$ 4,797	\$ 61,180	\$ 65,977
Changes in assumptions	7,963	7,540	15,503
Differences between expected and actual experience	79	-	79
Net difference between projected and actual earnings on pension plan investments	-	-	-
Village's contributions subsequent to the measurement date	<u>24,008</u>	<u>6,828</u>	<u>30,836</u>
 Total deferred outflows of resources	 <u>\$ 36,847</u>	 <u>\$ 75,548</u>	 <u>\$ 112,395</u>
Deferred inflows of resources:			
Changes in proportion	\$ -	\$ 39,395	\$ 39,395
Changes in assumptions	-	1,942	1,942
Differences between expected and actual experience	2,492	2,097	4,589
Net difference between projected and actual earnings on pension plan investments	<u>61,385</u>	<u>31,789</u>	<u>93,174</u>
 Total deferred inflows of resources	 <u>\$ 63,877</u>	 <u>\$ 75,223</u>	 <u>\$ 139,100</u>

NOTES TO FINANCIAL STATEMENTS

The deferred outflows of resources related to pensions resulting from the Village’s contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	
2022	\$(17,799)
2023	(6,511)
2024	(1,499)
2025	<u>(31,731)</u>
Total	<u>\$(57,540)</u>

Actuarial Assumptions:

The total pension liabilities in the December 31, 2020 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>MERSLA</u>	<u>MPERSLA</u>
Inflation	2.50%	2.50%
Salary increases	6.4% for 1-4 years of service and 4.5% above 4 years	vary from 12.3% for 1-2 years of service to 4.7% above 2 years
Investment rate of return	6.85%	6.75%
Actuarial cost method	entry age normal	entry age normal
Expected remaining service lives	3 years	4 years

Mortality rates for MERSLA were based on the PubG - 2010(B) Healthy Retiree Table for active members and PubNS - 2010(B) for disabled retirees. Mortality rate assumptions for MERSLA were based on experience studies performed on plan data for the period July 1, 2013 through June 30, 2018.

Mortality rates for MPERSLA were based on the Pub-2010 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants. Mortality rate assumptions for MPERSLA were based on experience studies performed on plan data for the period July 1, 2014 through June 30, 2019.

NOTES TO FINANCIAL STATEMENTS

The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the Village will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Arithmetic Real Rates of Return for Each Major Asset Class:

For the year ended December 31, 2021, the following summarizes real rates of return for each major asset class included in the plans' target asset allocation:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
MERSLA:		
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	<u>9%</u>	<u>0.39%</u>
Totals	<u>100%</u>	4.35%
Inflation		<u>2.60%</u>
Expected arithmetic return		<u>6.95%</u>
MPERSLA:		
Equity	55%	3.47%
Fixed income	31%	0.59%
Alternatives	14%	1.01%
Other	<u>0%</u>	<u>0.0%</u>
Totals	<u>100%</u>	5.08%
Inflation		<u>2.22%</u>
Expected arithmetic return		<u>7.30%</u>

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the Village’s Proportionate Shares of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Village’s proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the Village’s proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
MERSLA (current rate 6.85%)	\$ 322,668	\$ 217,864	\$ 129,343
MPERSLA (current rate 6.75%)	118,656	68,082	25,870
Totals	\$ 441,324	\$ 285,946	\$ 155,213

Pension Plan Fiduciary Net Position:

Detailed information about the plans’ fiduciary net position is available in the separate issued financial statements of the plans.

Note 8. Postemployment Benefits Other than Pensions

Plan Description:

The Village provides certain continuing health care insurance benefits for its eligible retired employees. The Village’s OPEB plan (the “plan”) is a single-employer defined benefit OPEB plan administered by the Village. The authority to establish and /or amend the obligation of the employer, employees, and retirees rests with the Village. No assets are accumulated in a trust that meets the criteria in GASB Codification Section P52 *Postemployment Benefits Other Than Pensions - Reporting for Benefits Not Provided Through Trusts That Meet Specified Criteria - Defined Benefit*.

Contributions and Benefits:

Retirees at age 60 with 20 years of service or 25 years of service without regard to age are eligible to participate in the Village’s healthcare plan. Benefits are provided through a Blue Cross Blue Shield medical plan to age 65. A Medicare supplement plan is provided beginning at age 65 through AARP. The Village contributes 100% of the cost of current year premiums for eligible retired employees.

NOTES TO FINANCIAL STATEMENTS

Benefit provisions are established by the Village. Coverage is provided for the life of the retiree.

As of December 31, 2021, six active employees and two retired employees were currently receiving benefit payments.

Changes in Total OPEB Liability:

Balance - December 31, 2021	\$ <u>513,963</u>
Changes for the year:	
Service cost	\$ 23,878
Interest	11,331
Net benefit payments	<u>(6,751)</u>
Net change in total OPEB liability	\$ <u>28,458</u>
 Net OPEB obligation - December 31, 2021	 \$ <u><u>542,421</u></u>

As of December 31, 2021, \$220,230 and \$322,191 of the obligation are reported in the governmental activities and business-type activities, respectively, in the government-wide financial statements.

Actuarial Assumptions:

The mortality assumption for the valuation used the RPH-2014 Total table with Projection MP-2020. The annual medical trend rate was 4.5% while the discount rate was lowered 2.12% to conform with the discount selection requirements of GASB 75.

The data used in the roll forward of the December 31, 2020 valuation results remain unchanged from that used in the 2020 GASB 75 actuarial valuation report. The data reflects the plan census as of December 31, 2020.

It is the actuary's understanding that no significant changes were made in the plan eligibility or plan provisions since the December 31, 2020 actuarial valuations.

The Village reported \$6,751 in direct contributions made for retirees for the year ended December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

Schedule of Changes in Net OPEB Liability and Related Ratios:

	<u>Year Ended December 31,</u>			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 23,878	\$ 11,964	\$ 11,964	\$ 11,493
Interest	11,331	18,347	16,942	16,509
Experience (gain) loss	-	(35,845)	-	-
Assumption changes	-	87,381	-	-
Benefit payments	(6,751)	(6,799)	(6,415)	(5,488)
Total OPEB liability - beginning of year	513,963	438,918	416,427	393,913
Total OPEB liability - ending of year	542,421	513,963	438,918	416,427
Covered payroll	218,381	218,381	211,432	211,432
 Net OPEB liability as percentage of payroll	 248.38%	 235.35%	 207.59%	 196.96%

As this is the fourth year of the implementation of GASB 75, only four years are available for the required ten-year schedule.

Sensitivity of Total OPEB Liability:

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Healthcare cost trend rates (4.5%)	\$ 450,411	\$ 542,421	\$ 661,195
Discount rate (2.12%)	\$ 466,643	\$ 542,421	\$ 636,054

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$(26,644)
Changes of assumptions/inputs	<u>64,947</u>	<u>-</u>
 Totals	 <u>\$ 64,947</u>	 <u>\$(26,644)</u>

NOTES TO FINANCIAL STATEMENTS

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	
2022	\$ 6,615
2023	6,615
2024	6,615
2025	6,615
2026	6,615
Thereafter	<u>5,228</u>
Total	<u>\$ 38,303</u>

Note 9. Contingencies and Risk Management

As of December 31, 2021, there was no pending or threatening litigation involving the Village.

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. There were no significant reductions in the insurance coverage during the fiscal year. Settlement amounts have not exceeded insurance coverage for the current year or three prior fiscal years.

The Village occasionally participates in state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Village has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of Village management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTES TO FINANCIAL STATEMENTS

Note 10. Uncertainties

The COVID-19 pandemic had financial and economic impacts on the Village that will potentially continue for several years. The recovery of the local economy and the return of Village revenue to pre-COVID levels will depend on many factors that are still unknown.

The American Rescue Plan Act (“ARPA”) was signed into law on March 11, 2021 providing additional financial relief to the effects of the pandemic. During the current year the Village received \$101,524 of ARPA funds that are reported as deferred revenue in the General Fund. These funds may be used to cover qualifying costs obligated between March 31, 2021 and December 31, 2024 and expended by December 31, 2026.

Additional ARPA funds of \$101,524 are also expected to be received in 2022.

Note 11. Subsequent Events

Subsequent events were evaluated through August 29, 2022, which is the day the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION (Part 2 of 2)

VILLAGE OF MER ROUGE, LOUISIANA

BUDGETARY COMPARISON SCHEDULE -
 GOVERNMENTAL FUND - GENERAL FUND
 As of and for the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 437,000	\$ 458,000	\$ 480,689	\$ 22,689
Licenses and permits	69,000	75,000	88,193	13,193
Intergovernmental	15,000	20,000	19,739	(261)
Fees, charges, and commissions for services	19,000	24,000	31,040	7,040
Fines and forfeitures	14,000	20,000	26,084	6,084
Interest and miscellaneous	14,000	118,000	15,901	(102,099)
Total revenues	<u>\$ 568,000</u>	<u>\$ 715,000</u>	<u>\$ 661,646</u>	<u>\$(53,354)</u>
Expenditures:				
Current:				
General government	\$ 309,840	\$ 438,590	\$ 344,231	\$ 94,359
Public safety	215,000	237,000	219,308	17,692
Public works	1,000	7,000	7,287	(287)
Capital outlay	43,000	49,000	35,142	13,858
Total expenditures	<u>\$ 568,840</u>	<u>\$ 731,590</u>	<u>\$ 605,968</u>	<u>\$ 125,622</u>
Net change in fund balance	\$(840)	\$(16,590)	\$ 55,678	\$ 72,268
Fund balance - beginning	<u>898,800</u>	<u>909,649</u>	<u>909,649</u>	<u>-</u>
Fund balance - ending	<u>\$ 897,960</u>	<u>\$ 893,059</u>	<u>\$ 965,327</u>	<u>\$ 72,268</u>

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF FUNDING PROGRESS FOR
OTHER POST EMPLOYMENT BENEFIT PLAN
December 31, 2021

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAAL as a Percentage of Covered Payroll
12/31/21	\$ -	\$ 542,421	\$ 542,421	0%	\$ 218,381	0%
12/31/20	-	513,963	513,963	0%	218,381	0%
12/31/19	-	438,918	438,918	0%	211,432	0%
12/31/18	-	416,427	416,427	0%	211,432	0%
12/31/17	-	872,339	872,339	0%	206,982	0%
12/31/16	-	872,339	872,339	0%	196,490	0%
12/31/15	-	624,563	624,563	0%	189,488	0%
12/31/14	-	624,563	624,563	0%	185,998	0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended December 31,	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2021	\$ 35,209	\$ 6,751	19.17%	\$ 542,421
2020	36,926	6,799	18.41%	513,963
2019	28,906	6,415	22.19%	438,918
2018	28,002	5,488	19.59%	416,427
2017	83,721	5,874	7.02%	321,693
2016	81,237	5,488	6.76%	243,846
2015	64,069	6,124	9.56%	168,097
2014	61,604	5,998	9.74%	110,152

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years Ended December 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of net pension liability	.08%	.08%	.08%	.08%	.07%	.07%	.07%	.07%
Proportionate share of net pension liability	\$217,864	\$332,202	\$317,791	\$313,843	\$304,959	\$ 281,027	\$ 243,207	\$ 169,324
Covered employees' payroll	\$155,098	\$146,861	\$140,787	\$ 138,380	\$ 131,295	\$ 122,481	\$ 116,201	\$ 110,843
Proportionate share of net pension liability as a percentage of covered employees' payroll	140.47%	226.20%	225.72%	226.80%	232.27%	229.45%	209.30%	152.76%
Plan fiduciary net position as a percentage of total pension liability	77.82%	64.52%	64.68%	66.94%	62.49%	62.11%	66.18%	73.99%

VILLAGE OF MER ROUGE, LOUISIANA
 SCHEDULE OF CONTRIBUTIONS
 MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
 Last Ten Fiscal Years Ended December 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$45,755	\$40,754	\$36,604	\$34,239	\$30,238	\$24,503	\$23,191	\$20,783
Contributions in relation to contractually required contribution	<u>45,755</u>	<u>40,754</u>	<u>36,604</u>	<u>34,239</u>	<u>30,238</u>	<u>24,503</u>	<u>23,191</u>	<u>20,783</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$155,098	\$146,861	\$140,787	\$138,380	\$131,295	\$122,481	\$116,201	\$110,843
Contribution as a percentage of covered employees' payroll	29.50%	27.75%	26.00%	24.75%	23.03%	20.01%	19.96%	18.75%

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years Ended December 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of net pension liability	.01%	.00%	.00%	.02%	.02%	.02%	.02%	.02%
Proportionate share of net pension liability	\$68,082	\$29,409	\$79,610	\$ 144,311	\$ 133,968	\$ 163,574	\$ 141,058	\$ 116,688
Covered employees' payroll	\$36,184	\$ 9,970	\$25,373	\$ 47,306	\$ 43,594	\$ 42,888	\$ 42,581	\$ 41,746
Proportionate share of net pension liability as a percentage of covered employees' payroll	188.15%	294.97%	313.76%	305.06%	307.31%	381.40%	331.27%	279.52%
Plan fiduciary net position as a percentage of total pension liability	84.09%	70.94%	71.00%	71.89%	70.08%	66.04%	66.18%	75.10%

VILLAGE OF MER ROUGE, LOUISIANA
 SCHEDULE OF CONTRIBUTIONS
 MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM
 Last Ten Fiscal Years Ended December 31

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$13,225	\$ 3,194	\$ 8,183	\$ 15,491	\$ 14,545	\$ 14,422	\$ 14,817	\$ 14,921
Contributions in relation to contractually required contribution	<u>13,225</u>	<u>3,194</u>	<u>8,183</u>	<u>15,491</u>	<u>14,545</u>	<u>14,422</u>	<u>14,817</u>	<u>14,921</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employees' payroll	\$36,184	\$ 9,970	\$ 25,373	\$ 47,306	\$ 43,594	\$ 42,888	\$ 42,581	\$ 41,746
Contribution as a percentage of covered employees' payroll	33.75%	32.50%	32.25%	32.75%	33.36%	33.63%	34.80%	35.74%

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF MAYOR'S AND ALDERMEN'S COMPENSATION
As of and for the Year Ended December 31, 2021

The schedule of compensation paid to the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the board members is included in the general government expenditures of the General Fund. The mayor and aldermen receive compensation pursuant to Louisiana Revised Statute 404.1.

<u>Name and Title</u>	<u>Compensation</u>
John D. McAdams, III, Mayor	\$ 11,742
Allen Spires, Jr., Mayor Pro-Tem	2,781
Bernie D. Turner, Alderman	2,266
Jeff Dixon, Alderman	2,472
Richard Blackwell, Alderman (deceased)	<u>-</u>
Total mayor's and aldermen's compensation	<u>\$ 18,411</u>

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
As of and For the Year Ended December 31, 2021

Agency Head Name: John D. McAdams, III, Mayor

<u>Purpose</u>	<u>Amounts</u>
Salary	\$ 11,742
Benefits - insurance	403
Benefits - retirement	<u>3,430</u>
Total compensation, benefits, and other payments to agency head	<u>\$ 15,575</u>

VILLAGE OF MER ROUGE, LOUISIANA

JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY - CASH BASIS

For the Year Ended December 31, 2021

	First Six Month Period Ended <u>June 30, 2021</u>	Second Six Month Period Ended <u>December 31, 2021</u>
Beginning amount of amounts collected	\$ 2,492	\$ 3,640
Add collections:		
Criminal court costs/fees	\$ 3,640	\$ 2,688
Criminal fines - other	<u>12,369</u>	<u>7,387</u>
Total collections	\$ <u>16,009</u>	\$ <u>10,075</u>
Less disbursements to governments:		
Louisiana Commission on Law Enforcement	\$ 558	\$ 492
Louisiana Department of Health and Hospitals - Traumatic Head and Spinal Cord Injury Trust Fund	135	100
Louisiana Supreme Court	30	26
North Louisiana Criminalistics Laboratory Commission	1,710	1,420
Treasurer, State of Louisiana CMIS	59	52
Less amounts "self-disbursed" to collecting agency:		
Criminal fines - other	<u>12,369</u>	<u>7,387</u>
Total disbursements	\$ <u>14,861</u>	\$ <u>9,477</u>
Ending balance of amounts collected but not disbursed/retained	<u>\$ 3,640</u>	<u>\$ 4,238</u>
Other information:		
Ending balance of amounts assessed but not received	<u>\$ 88,080</u>	<u>\$ 97,210</u>
Total waivers during the fiscal period	<u>\$ 216</u>	<u>\$ 56</u>

HILL, INZINA & COMPANY

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*

Honorable John D. McAdams, III, Mayor,
and Members of the Board of Aldermen
Village of Mer Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Village of Mer Rouge, Louisiana (the "Village"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated August 29, 2022.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-1, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the council members, others within the Village, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by Louisiana Legislative Auditor as a public document.

/s/ Hill, Inzina & Co.

August 29, 2022

VILLAGE OF MER ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS WITH
MANAGEMENT'S RESPONSE AND PLANNED CORRECTIVE ACTION
As of and for the Year Ended December 31, 2021

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Village of Mer Rouge, Louisiana (the "Village"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated August 29, 2022. 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 audit of the financial statements as of December 31, 2021 resulted in an unmodified opinion.

Section I - Summary of Independent Auditor's Report

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*

Internal Control

Significant Deficiencies Yes No Material Weaknesses Yes No

Compliance

Material to Financial Statements Yes No

Section II - Financial Statement Findings

2020-1 Inadequate Segregation of Duties (initial citing as of the for the two years ended December 31, 1987)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur with the finding but it is not economically feasible for
corrective action to be taken.

Section III - Management Letter

None issued.

VILLAGE OF MER ROUGE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
As of and for the Year Ended December 31, 2021

Section II- Financial Statement Findings

2020-1 Inadequate Segregation of Duties

Adequate segregation of duties is essential
to a proper internal control structure.

Unresolved - 2021-1.

Section III- Management Letter

None issued.

HILL, INZINA & COMPANY

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Members of Board of Aldermen of Village of Mer Rouge, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period January 1, 2021 through December 31, 2021. The Village of Mer Rouge, Louisiana's ("Village") management is responsible for those C/C areas identified in the SAUP.

The Village 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 SAUP for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Village's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Village's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- f) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers..
- h) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Jury's ethics policy.
- i) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/Electronic Municipal Market Access (EMMA) reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- j) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- k) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**The Village did not have written policies and procedures addressing the specifics relative to debt service; information technology disaster recovery/business continuity; or sexual harassment.

Board or Finance Committee

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:

a) Observe that the board/finance committee met with a quorum at least monthly, or on frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

****The board of aldermen met with a quorum at least monthly during the fiscal period.**

a) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

****The board reviewed several different financial documents presented by the clerk, one of which was the budget-to-actual comparisons for all funds. The board's discussion of the financial information was documented in the minutes.****

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

****The general fund did not have a negative ending unassigned fund balance in the prior year's audit report.**

Bank Reconciliations

3. Obtain a listing of the Village's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the Village's main operating account. Select the Village's main operating account and randomly four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated or electronically logged).

****The selected bank reconciliations included evidence that they were prepared within two months of the closing date.**

- b) Bank reconciliations include evidence that a member of management/ board member who does not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation (e.g., initialed and dated or electronically logged).

**There was no evidence that a member of management/board member (with no involvement in the transactions associated with the bank accounts) had reviewed any of the reconciliations. However, the Village is under contract with a certified public accountant (CPA) consultant who performs procedures quarterly including reviewing bank reconciliations and bank statements. The consultant issues a report to the board of aldermen stating that bank reconciliations and bank statements have been reviewed.

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

**The CPA consultant noted the reconciling items that had been outstanding for more than 12 months but no action was taken.

Collections (excluding electronic funds transfers)

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 five deposit sites (or all deposit sites if less than five).

**Management of the Village provided a listing of deposit sites and representation that the listing was complete.

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. five collection locations for five 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:

- a) Employees responsible for cash collections do not share cash drawers/registers.

**The Village had only one collection location with all funds being received by the clerk or part-time employees who worked only in the clerk's absence. A single cash drawer was maintained.

- 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.

**The Village's clerk and part-time employees were all responsible for preparing/making bank deposits without reconciliation by another employee/official.

- 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.

****The Village's clerk and part-time employees were responsible for collecting cash and were also responsible for posting collection entries with reconciliation of a sample by the CPA consultant.**

- 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.

****The Village's clerk and part-time employees were responsible for collecting cash and the clerk was also responsible for posting collection entries with reconciliation of a sample by the CPA consultant.**

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

****Management provided copies of the insurance policies that were enforced during the fiscal period.**

7. Randomly select two deposit dates for each of the five 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). Obtain supporting documentation for each of the ten deposits and:

- a) Observe that receipts are sequentially pre-numbered.

****Sequentially pre-numbered receipts were used by the Village.**

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

****Collection documentation was traced to the deposit slips.**

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

****Deposit slip totals agreed with the actual deposit per the bank statement.**

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

****All of the deposits were made within one business day of receipt except for ad valorem taxes. The collection location was not more than ten miles from the depository nor were the deposit totals less than \$100.**

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

****The deposits were traced from the bank statements to the general ledgers.**

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

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

****Management of the Village provided a listing of locations that process payments and representation that the listing was complete.**

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:

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

****Job duties were not properly segregated.**

- g) At least two employees are involved in processing and approving payments to vendors.

****The Village's clerk processed the payments and the mayor or a board member initialed the supporting documentation before co-signing the checks with the clerk.**

- h) 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.

****Job duties were not properly segregated.**

- i) Either the employee or 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.

****Job duties were not properly segregated.**

10. For each location selected under #8 above, obtain the Village's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

- j) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the Jury.

****An invoice was not provided for one randomly selected disbursement. The other four disbursements matched the related original invoice/billing statement. Deliverables were documented as being received on the invoices provided.**

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

****Although the Village's board of aldermen approved all disbursements by adopting the affected budgets, the mayor or a board member initialed the supporting documentation before co-signing the checks with the clerk.**

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. 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.

****Management of the Village provided a listing of all cards and representation that the listing was complete.**

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) 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:

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 (or electronically approved), by someone other than the authorized card holder.

****The selected statements were initialed by the mayor or a board member, neither of which were authorized to use the cards.**

b) Observe that finance charges and late fees were not assessed on the selected statements.

****No finance charges or late fees were assessed on the selected statements.**

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have ten 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).

****There was only nine individual transactions on the statements. Only four of the selected transactions were supported by original receipts itemizing what was purchased and the business/public purpose was apparent from the detailed descriptions. None of the transactions were for meal charges.**

Noted while performing this procedure was that the Village paid \$149 per night for lodging at a destination that the per diem approved by the U.S. General Services

Administration (GSA) was \$99. Also, a “value added” fee and taxes totaling \$75 were paid.

Another instance was noted where the Village paid \$125 per night for one king bed in a two room suite at the same destination. Taxes again of \$100 were paid.

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

14. 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the GSA (www.gsa.gov).

**All of the selected reimbursements included payments of daily per diem of \$125 for meals whether served at the convention or not. The \$125 per day was also paid on the first and last day of travel.

- b) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

**None of the selected reimbursements were paid using actual costs nor were for meals.

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

** Each reimbursement was appropriately reviewed and approved, in writing, by either the mayor or a board member.

Contracts

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

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

**Management of the Village asserted that no contracts were initiated or renewed during the fiscal period.

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

**See a. above.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

**See a. above.

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

**See a. above.

Payroll and Personnel

- 16. Obtain a listing of employees and elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

**Management of the Village provided a listing of employees and representation that the listing was complete.

- 17. Randomly select one pay period during the fiscal period. For the five employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**Four of the five selected employees were salaried and not required to document their daily attendance. The other employee did not document daily attendance for the one pay period selected as he was on vacation. All employees who took leave during the pay period documented such.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

**No documentation was provided to support that supervisors approved the attendance and leave records.

- c) Observe any leave accrued or taken during the pay period is reflected in the Village's cumulative leave records.

**Leave was taken by two of the five selections. Cumulative leave records for these two were manually maintained by the Village's clerk.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate.
**There was documentation for only one of the employees as to the authorization of their individual salary/pay rate.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, and the Jury's policy on termination

payments. Agree the hours to the employee or official's authorized pay rates in the employee or official's personnel file, and agree the termination payment to Jury policy.

**Management of the Village asserted that the only employees that were terminated during the fiscal period were part-time.

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

**Management of the Village asserted that payroll related amounts were paid and associated forms were timely filed.

While performing audit procedures, it was noted that delinquent fees were paid for untimely filing of 12 monthly retirement reports.

Ethics

20. Using the five randomly selected employees or officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee or official completed one hour of ethics training during the fiscal period.

**The Village provided documentation for only one of the five selected employees or officials. Management of the Village attested that others may have taken an ethics course at a convention or training session but if so, no certificates were received.

- b) Observe whether the Village maintained documentation which demonstrates each employee or official was notified of any changes to the Village's ethics policy during the fiscal period, as applicable.

**The Village made no changes to its ethics policy during the fiscal year.

Debt Service

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

**Management of the Village asserted that no debt instruments were issued during the fiscal period.

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

****Management of the Village asserted that no bonds/notes were outstanding at the end of the fiscal period.**

Fraud Notice

23. 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 Jury reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Jury is domiciled.

****Management of the Village asserted that there were no misappropriations of public funds and assets during the fiscal period.**

24. Observe that the Village 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.

****Management of the Village asserted that the notice was posted on the premises. The Village did not have a website.**

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures and verbally discuss the results with management.

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

****Management of the Village asserted that backups were made at least daily and stored in vault.**

b) Obtain and inspect the Village'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 three months.

****Management of the Village asserted that the backup had been tested/verified within the past three months.**

c) Obtain a listing of the Village's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select five 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.

****Management of the Village attested that the software and systems used are currently supported by the vendor.**

Sexual Harassment

26. Using the five randomly selected employees or officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management and observe the documentation demonstrates each employee or official completed at least one hour of sexual harassment training during the calendar year.

**Management of the Village asserted that no employees or officials obtained the training as it was not known that such requirement was mandatory.

4. Observe the Village has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location of the Village’s premises if the Village does not have a website).

**The Village has no policy or procedure relative to sexual harassment (see 1.k. above).

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

a) Number and percentage of public servants in the agency who have completed the training requirements.

**The Village did not complete an annual sexual harassment report for the current fiscal period. Management of the Village attested that they were not aware of the requirement to complete training.

b) Number of sexual harassment complaints received by the agency.

**Management of the Village asserted that no sexual harassment complaints were received.

c) Number of complaints which resulted in a finding that sexual harassment occurred.

**See preceding b).

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

**See preceding b).

e) Amount of time it took to resolve each complaint.

**See preceding b).

We were engaged by the Village 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 SAUP. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Village 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 SAUP, 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.

Management's response - We will take the auditor's comments under advisement and take corrective action as deemed necessary.

/s/ Hill, Inzina & Co.

Bastrop, Louisiana

October 26, 2022