

TOWN OF HENDERSON, LOUISIANA

Financial Report

Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Honorable Sherbin Collette, Mayor
and Members of the Town Council
Town of Henderson, 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, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Henderson, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2022, the Town of Henderson, Louisiana adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and notes to the required supplementary information on pages 38 through 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Henderson, Louisiana's basic financial statements. The Justice System Funding Reporting Schedules (reporting schedules) were created by Act 87 of the Louisiana 2020 Regular Legislative Session. These reporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the reporting schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of insurance in force, schedule of number of sewer customers and rates, and schedule of aged accounts receivable but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2022, on our consideration of the Town of Henderson, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Henderson, Louisiana’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Henderson, Louisiana’s internal control over financial reporting and compliance.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 6, 2022

BASIC FINANCIAL STATEMENTS

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

TOWN OF HENDERSON, LOUISIANA

Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest bearing deposits	\$ 4,597,368	\$ 47,135	\$ 4,644,503
Accounts receivable	36,359	30,412	66,771
Sales tax receivable	57,636	-	57,636
Due from other governmental units	72,371	-	72,371
Prepaid items	8,005	-	8,005
Total current assets	<u>4,771,739</u>	<u>77,547</u>	<u>4,849,286</u>
Noncurrent assets:			
Restricted cash	-	90,426	90,426
Capital assets, net	2,984,567	3,363,534	6,348,101
Total noncurrent assets	<u>2,984,567</u>	<u>3,453,960</u>	<u>6,438,527</u>
Total assets	<u>7,756,306</u>	<u>3,531,507</u>	<u>11,287,813</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	126,597	9,229	135,826
Accrued interest payable	8,605	-	8,605
Bonds payable	57,000	58,025	115,025
Financed purchase liability	21,092	-	21,092
Compensated absences payable	3,155	-	3,155
Unearned revenue	269,243	-	269,243
Total current liabilities	<u>485,692</u>	<u>67,254</u>	<u>552,946</u>
Noncurrent liabilities:			
Financed purchase liability	22,432	-	22,432
Bonds payable	609,000	928,346	1,537,346
Total noncurrent liabilities	<u>631,432</u>	<u>928,346</u>	<u>1,559,778</u>
Total liabilities	<u>1,117,124</u>	<u>995,600</u>	<u>2,112,724</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
NET POSITION			
Net investment in capital assets	2,941,043	2,435,188	5,376,231
Restricted	-	32,401	32,401
Unrestricted	3,698,139	68,318	3,766,457
Total net position	<u>\$ 6,639,182</u>	<u>\$ 2,535,907</u>	<u>\$ 9,175,089</u>

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

TOWN OF HENDERSON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2022

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 565,706	\$ 68,295	\$ -	\$ 559,941	\$ 62,530	\$ -	\$ 62,530
Sanitation	126,733	125,704	-	-	(1,029)	-	(1,029)
Public safety	1,094,140	2,007,270	-	-	913,130	-	913,130
Culture & recreation	40,450	24,480	-	-	(15,970)	-	(15,970)
Interest on long-term debt	20,755	-	-	-	(20,755)	-	(20,755)
Total governmental activities	<u>1,847,784</u>	<u>2,225,749</u>	<u>-</u>	<u>559,941</u>	<u>937,906</u>	<u>-</u>	<u>937,906</u>
Business-type activities:							
Sewer	445,211	201,678	-	-	-	(243,533)	(243,533)
Interest on long-term debt	40,244	-	-	-	-	(40,244)	(40,244)
Total business-type activities	<u>485,455</u>	<u>201,678</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,777)</u>	<u>(283,777)</u>
Total	<u>\$ 2,333,239</u>	<u>\$2,427,427</u>	<u>\$ -</u>	<u>\$ 559,941</u>	<u>937,906</u>	<u>(283,777)</u>	<u>654,129</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					15,733	-	15,733
Sales and use taxes, levied for general purposes					582,231	-	582,231
Beer & tobacco taxes					274	-	274
Franchise taxes					104,260	-	104,260
State funds -							
State revenue sharing					705	-	705
Intergovernmental revenue					49,744	-	49,744
Investment income					6,193	-	6,193
Gain on disposal of assets					6,000	-	6,000
Miscellaneous income					5,124	10,675	15,799
Transfers					(98,943)	98,943	-
Total general revenues					<u>671,321</u>	<u>109,618</u>	<u>780,939</u>
Change in net position					1,609,227	(174,159)	1,435,068
Net position - July 1, 2021					<u>5,029,955</u>	<u>2,710,066</u>	<u>7,740,021</u>
Net position - June 30, 2022					<u>\$ 6,639,182</u>	<u>\$2,535,907</u>	<u>\$ 9,175,089</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

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

Special Revenue Fund

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

Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved in a special election in June 1972 and rededicated in April of 2016. These taxes are dedicated for the purpose of constructing, acquiring, improving, operating and maintaining public streets, including incidental drainage, parks and recreational facilities, public buildings, and sewage collection and disposal system, including land, equipment, fixtures and furnishings for said purposes and, maintaining and operating garbage and solid waste collection and disposal facilities.

Enterprise Fund

Utility Fund -

To account for the provision of wastewater services to residents of the Town and operations of the wastewater plant.

NONMAJOR FUNDS

Debt Service Fund -

To account for the payment of the principal and interest of the Series 2016 Sales Tax Revenue Bonds.

Park Fund -

To account for the revenues from park usage fees and expenses for maintaining the park.

TOWN OF HENDERSON, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and interest bearing deposits	\$3,287,331	\$1,191,968	\$ 118,069	\$ 4,597,368
Accounts receivable	24,892	11,467	-	36,359
Sales tax receivable	-	57,636	-	57,636
Due from other governments	72,371	-	-	72,371
Prepaid items	8,005	-	-	8,005
Total assets	<u>\$3,392,599</u>	<u>\$1,261,071</u>	<u>\$ 118,069</u>	<u>\$ 4,771,739</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and other liabilities	\$ 45,105	\$ 14,681	\$ 681	\$ 60,467
Payroll liabilities	863	176	50	1,089
Contract payable	26,108	-	-	26,108
Retainage payable	38,933	-	-	38,933
Unearned revenue	269,243	-	-	269,243
Total liabilities	<u>380,252</u>	<u>14,857</u>	<u>731</u>	<u>395,840</u>
Fund balances:				
Nonspendable	8,005	-	-	8,005
Restricted	-	1,246,214	117,338	1,363,552
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	3,004,342	-	-	3,004,342
Total fund balance	<u>3,012,347</u>	<u>1,246,214</u>	<u>117,338</u>	<u>4,375,899</u>
Total liabilities and fund balance	<u>\$3,392,599</u>	<u>\$1,261,071</u>	<u>\$ 118,069</u>	<u>\$ 4,771,739</u>

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

TOWN OF HENDERSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balance for governmental funds at June 30, 2022 \$4,375,899

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

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

Land	\$	56,000	
Construction in progress		1,000,889	
Buildings and improvements, net of \$186,168 accumulated depreciation		42,447	
Autos and equipment, net of \$351,599 accumulated depreciation		226,858	
Autos and equipment - financed purchase, net of \$90,823 accumulated depreciation		84,684	
Streets and improvements, net of \$657,448 accumulated depreciation		1,181,093	
Parks and facilities, net of \$275,782 accumulated depreciation		391,426	
Office equipment, net of \$23,859 accumulated depreciation		<u>1,170</u>	2,984,567

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

Bonds payable and underlying accrued interest		(674,605)	
Financed purchase liability		(43,524)	
Compensated absences payable		<u>(3,155)</u>	<u>(721,284)</u>

Total net position of governmental activities at June 30, 2022 \$6,639,182

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

TOWN OF HENDERSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2022

	General	Sales Tax Special Revenue	Nonmajor Funds	Total
Revenues:				
Taxes	\$ 120,267	\$ 582,231	\$ -	\$ 702,498
Licenses and permits	68,295	-	-	68,295
Federal grants	63,240	-	-	63,240
Intergovernmental	9,278	-	-	9,278
State funds	534,923	-	-	534,923
Fines and forfeitures	2,007,270	-	-	2,007,270
Fees	-	125,704	-	125,704
Miscellaneous	11,124	-	-	11,124
Investment income	4,787	1,406	-	6,193
Donation revenue	-	-	2,949	2,949
Park revenue	-	-	24,480	24,480
Total revenues	<u>2,819,184</u>	<u>709,341</u>	<u>27,429</u>	<u>3,555,954</u>
Expenditures:				
Current -				
General government	322,537	90,777	-	413,314
Sanitation	-	126,733	-	126,733
Public safety	1,124,818	-	-	1,124,818
Park and recreation	-	-	19,416	19,416
Debt service - principal	23,856	-	55,000	78,856
Debt service - interest	2	-	21,263	21,265
Capital outlay	963,872	-	20,827	984,699
Total expenditures	<u>2,435,085</u>	<u>217,510</u>	<u>116,506</u>	<u>2,769,101</u>
Excess (deficiency) of revenues over expenditures	<u>384,099</u>	<u>491,831</u>	<u>(89,077)</u>	<u>786,853</u>
Other financing sources (uses):				
Financed purchase proceeds	67,380	-	-	67,380
Operating transfers in	-	-	77,589	77,589
Operating transfers out	(2,943)	(173,589)	-	(176,532)
Total other financing sources (uses)	<u>64,437</u>	<u>(173,589)</u>	<u>77,589</u>	<u>(31,563)</u>
Net change in fund balance	448,536	318,242	(11,488)	755,290
Fund balance, beginning	<u>2,563,811</u>	<u>927,972</u>	<u>128,826</u>	<u>3,620,609</u>
Fund balance, ending	<u>\$ 3,012,347</u>	<u>\$ 1,246,214</u>	<u>\$ 117,338</u>	<u>\$ 4,375,899</u>

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

TOWN OF HENDERSON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statements of Activities
For the Year Ended June 30, 2022

Total net change in fund balance for the year ended June 30, 2022 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 755,290
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 984,699	
Depreciation expense for the year ended June 30, 2022	<u>(142,746)</u>	841,953
Expenses not requiring the use of current financial resources and therefore, are not reported as expenditures in the governmental funds:		
Net change in bonds payable and accrued interest	55,508	
Net change in financed purchase liability	<u>(43,524)</u>	<u>11,984</u>
Total change in net position for the year ended June 30, 2022 per Statement of Activities		<u>\$ 1,609,227</u>

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

TOWN OF HENDERSON, LOUISIANA

Statement of Net Position
Proprietary Fund
June 30, 2022

ASSETS	
Current assets:	
Cash	\$ 47,135
Accounts receivable	<u>30,412</u>
Total current assets	<u>77,547</u>
Noncurrent assets:	
Restricted cash	90,426
Capital assets	<u>3,363,534</u>
Total noncurrent assets	<u>3,453,960</u>
Total assets	<u>3,531,507</u>
DEFERRED OUTFLOWS OF RESOURCES	
	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and payroll liabilities	9,229
Bonds payable	<u>58,025</u>
Total current liabilities	<u>67,254</u>
Noncurrent liabilities:	
Bonds payable	<u>928,346</u>
Total liabilities	<u>995,600</u>
DEFERRED INFLOWS OF RESOURCES	
	<u>-</u>
NET POSITION	
Net investment in capital assets	2,435,188
Restricted	32,401
Unrestricted	<u>68,318</u>
Total net position	<u>\$2,535,907</u>

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

TOWN OF HENDERSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund
For the Year Ended June 30, 2022

Operating revenues:	
Charges for services -	
Sewer service charges	\$ 201,678
Total operating revenue	<u>201,678</u>
Operating expenses:	
Administrative fees	1,165
Contract labor	33,600
Supplies, repairs and maintenance	118,700
Professional fees	2,945
Depreciation	259,939
Testing and inspection fees	4,412
Utilities	15,268
Waste disposal fees	1,500
Salaries	4,500
Payroll expenses	347
Miscellaneous	<u>2,835</u>
Total operating expenses	<u>445,211</u>
Operating loss	<u>(243,533)</u>
Non-operating revenues (expenses):	
Interest expense	(40,244)
Miscellaneous income	<u>10,675</u>
Total non-operating expenses	<u>(29,569)</u>
Loss before transfers	(273,102)
Transfers in	<u>98,943</u>
Change in net position	(174,159)
Net position, beginning	<u>2,710,066</u>
Net position, ending	<u>\$ 2,535,907</u>

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

TOWN OF HENDERSON, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	\$ 202,367
Payments to suppliers	(178,295)
Payments to employees	<u>(4,500)</u>
Net cash provided by operating activities	<u>19,572</u>
Cash flows from noncapital financing activities:	
Other receipts	10,675
Transfers in	<u>98,943</u>
Net cash provided by noncapital financing activities	<u>109,618</u>
Cash flows from capital and related financing activities:	
Interest paid on bonds & notes payable	(40,244)
Principal paid on bonds & notes payable	(56,129)
Acquisition of capital assets	<u>(48,957)</u>
Net cash used by capital and related financing activities	<u>(145,330)</u>
Cash flows from investing activities	<u>-</u>
Net decrease in cash and cash equivalents	(16,140)
Cash and cash equivalents, beginning of period	<u>153,701</u>
Cash and cash equivalents, end of period	<u>\$ 137,561</u>

(continued)

TOWN OF HENDERSON, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
For the Year Ended June 30, 2022

Reconciliation of operating income to net cash provided by operating activities:	
Cash flows from operating activities	
Operating loss	<u>\$ (243,533)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities-	
Depreciation	259,939
Changes in current assets & liabilities:	
Decrease in accounts receivable	689
Increase in accounts payable	<u>2,477</u>
Total adjustments	<u>263,105</u>
Net cash provided by operating activities	<u>\$ 19,572</u>

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

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The Town of Henderson, Louisiana (the "Town") was incorporated in March 1971, under the provisions of the Lawrason Act, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter; public safety (police and fire), streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accounting and reporting practices of the Town of Henderson conform to generally accepted accounting principles as applicable to governmental units on a consistent basis between periods. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The Town Council is composed of five (5) members, duly elected by the citizens of the Town. The Town is located in the Northeast section of St. Martin Parish and has approximately 1,600 persons living within the town limits.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Henderson is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units as described in (b) and (c) above.

The accompanying financial statements of the Town of Henderson (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) generally accepted in the United States of America as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

The Town of Henderson has no authority over, nor is it involved in the record keeping of the Henderson Volunteer Fire Department; therefore, the Department is not considered to be a component unit of the Town and accordingly, is not included in the Town's audited financial statements.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements

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

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

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

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Several funds of the Town are considered to be major funds and are described below:

Governmental Fund Types-

General Fund

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

Special Revenue Fund –

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved in a special election in June 1972 and rededicated in April of 2016. These taxes are dedicated for the purpose of constructing, acquiring, improving, operating and maintaining public streets, including incidental drainage, parks and recreational facilities, public buildings, and sewage collection and disposal system, including land, equipment, fixtures and furnishings for said purposes and, maintaining and operating garbage and solid waste collection and disposal facilities.

Proprietary Fund Type –

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating. The Town applies all applicable principles under the Governmental Accounting Standards Board (GASB) in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

The Town's nonmajor funds are described below:

Debt Service Fund

To account for the payment of the principal and interest of the Series 2016 Sales Tax Revenue Bonds.

Park Fund

To account for the revenues for park usage fees and expenses for maintaining the park.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

Basis of Accounting

In the government-wide statement of net position and statement of activities, governmental and business-type activities are presented using the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within 60 days of the end of the fiscal year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Operating

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net total position. Ad valorem taxes are recognized as revenue in the year for which they are budgeted, that is, in the year they are billed and collected. Other major revenues considered susceptible to accrual are earned grant revenues.

Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

Cash and interest-bearing deposits

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. See Note (2) for additional disclosures.

Interfund receivables and payables

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items. The only prepaid item that existed at June 30, 2022 was prepaid insurance.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to cash comprising of the following: sinking fund, renewal and replacement fund, and reserve

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

fund. These enterprise fund cash accounts are restricted for future payments on long-term debt.

Capital Assets

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

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Interest costs are capitalized as they relate to fixed assets. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20-40 years
Sewer distribution system	25 years
Equipment and vehicles	3-10 years
Infrastructure	10-40 years

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

Prior to the adoption of GASB 34, it was the Town's policy not to record infrastructure; therefore, the Town did not have a complete listing of infrastructure. However, through the years, a partial list of infrastructure was maintained. The Town has opted not to do a detailed analysis of existing infrastructure. Rather, we will include the infrastructure for which we do have cost information available, and begin accumulating infrastructure information prospectively.

Compensated Absences

Vacation and sick leave are awarded on a calendar year basis and cannot be carried over to the next year. Full-time employees of the Town earn from 5 to 10 days of noncumulative vacation leave, depending upon length of service. An employee may accept payment in lieu of taking actual vacation time, with the approval of the Mayor and the Town Council. Upon termination, all unused vacation time within the calendar year is payable at the hourly rate being earned by that employee at separation, with the exception of the police officers. The policy for the police officers for the Town is no vacation time is paid upon termination.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Full-time employees of the Town earn from 9 to 12 days of noncumulative sick leave each year, depending upon length of service. No sick leave is paid upon termination.

Unearned revenue

Revenue received that has not been spent is recorded as unearned revenue. Unearned revenue as of June 30, 2022, was grant funds from the American Rescue Plan Act (ARPA).

Long-term debt

All long-term debt to be repaid from governmental and business-type funds is reported as liabilities in the government-wide statements. The long-term debt consists of bonds payable and financed purchase liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt is reported as other financing sources and payment of principal and interest reported as expenditures.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Equity Classifications

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

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

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

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

Unassigned – all other spendable amounts.

As of June 30, 2022, fund balances are composed of the following:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid items	\$ 8,005	\$ -	\$ -	\$ 8,005
Restricted:				
Sales tax	-	1,246,214	-	1,246,214
Park maintenance	-	-	44,314	44,314
Debt service	-	-	73,024	73,024
Committed:	-	-	-	-
Assigned:	-	-	-	-
Unassigned:	<u>3,004,342</u>	<u>-</u>	<u>-</u>	<u>3,004,342</u>
	<u>\$ 3,012,347</u>	<u>\$ 1,246,214</u>	<u>\$ 117,338</u>	<u>\$ 4,375,899</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Council members have provided otherwise in its commitment or assignment actions.

E. Use of Estimates

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

(2) Cash and interest-bearing deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2022, the Town has cash and interest-bearing deposits (book balances) totaling \$4,734,929.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the pledging financial institution. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit within the financial institution. These securities are held in the name of the pledging financial institution in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2022 are secured as follows:

Bank balances	<u>\$4,766,358</u>
At June 30, 2022 the deposits are secured as follows:	
Federal deposit insurance	\$ 500,000
Pledged securities	<u>4,266,358</u>
Total	<u>\$4,766,358</u>

Deposits in the amount of \$4,266,358 were exposed to custodial credit risk. These are uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF HENDERSON, LOUISIANA
Notes to Basic Financial Statements (Continued)

Restricted cash at June 30, 2022 is comprised of the following:

	Business-Type Activities
Sinking Fund	\$ 4,832
Renewal and Replacement Fund	42,797
Reserve Fund	42,797
Total	\$ 90,426

Cash is restricted in the business-type activities for future payments on long-term debt.

(4) Receivables

The following is a summary of receivables at June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Franchise tax	\$ 24,892	\$ -	\$ 24,892
Garbage collections	11,467	-	11,467
Sewer collections	-	30,412	30,412
Total	\$ 36,359	\$ 30,412	\$ 66,771

(5) Due from Other Governments

Amounts due from other governments at June 30, 2022, consist of the following:

	Governmental Activities
State grant	\$ 72,371
Total	\$ 72,371

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2022 is as follows:

	<u>Balance 07/01/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/22</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 56,000	\$ -	\$ -	\$ 56,000
Construction in progress	193,225	807,664	-	1,000,889
Other capital assets:				
Buildings	228,615	-	-	228,615
Autos & equipment	599,528	88,828	(109,899)	578,457
Autos & equipment - financed purchase	108,127	67,380	-	175,507
Streets & improvements	1,838,541	-	-	1,838,541
Parks & facilities	646,381	20,827	-	667,208
Office equipment	25,029	-	-	25,029
Total capital assets	<u>3,695,446</u>	<u>984,699</u>	<u>(109,899)</u>	<u>4,570,246</u>
Less accumulated depreciation:				
Buildings	183,987	2,181	-	186,168
Autos & equipment	410,446	51,052	(109,899)	351,599
Autos & equipment - financed purchase	69,955	20,868	-	90,823
Streets & improvements	609,983	47,465	-	657,448
Parks & facilities	254,748	21,034	-	275,782
Office equipment	23,713	146	-	23,859
Total accumulated depreciation	<u>1,552,832</u>	<u>142,746</u>	<u>(109,899)</u>	<u>1,585,679</u>
Governmental activities, capital assets, net	<u>\$ 2,142,614</u>	<u>\$ 841,953</u>	<u>\$ -</u>	<u>\$ 2,984,567</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	Balance 07/01/21	Additions	Deletions	Balance 06/30/22
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 21,600	\$ -	\$ -	\$ 21,600
Other capital assets:				
Sewer plant	5,714,898	-	-	5,714,898
Equipment	335,285	48,957	-	384,242
Sewer system	1,050,228	-	-	1,050,228
Total capital assets	<u>7,122,011</u>	<u>48,957</u>	<u>-</u>	<u>7,170,968</u>
Less accumulated depreciation:				
Sewer plant	3,158,516	228,382	-	3,386,898
Equipment	304,960	10,552	-	315,512
Sewer system	84,019	21,005	-	105,024
Total accumulated depreciation	<u>3,547,495</u>	<u>259,939</u>	<u>-</u>	<u>3,807,434</u>
Business-type activities, capital assets, net	<u>\$ 3,574,516</u>	<u>\$ (210,982)</u>	<u>\$ -</u>	<u>\$ 3,363,534</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 63,347
Police	58,365
Culture and recreation	<u>21,034</u>
Total depreciation expense	<u>\$ 142,746</u>

(7) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Accounts and other liabilities	\$ 60,467	\$ 8,818	\$ 69,285
Payroll liabilities	1,089	411	1,500
Contract payable	26,108	-	26,108
Retainage payable	<u>38,933</u>	<u>-</u>	<u>38,933</u>
Total	<u>\$ 126,597</u>	<u>\$ 9,229</u>	<u>\$ 135,826</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Ad Valorem Taxes

For the year ended June 30, 2022, taxes of 1.71 mills were levied on property with assessed valuations totaling \$9,004,317.

Total taxes levied for the year ended June 30, 2022 were \$15,397. The taxes are levied and assessed around October or November, respectively, of each year. Tax bills are mailed in December, become liens on December 31, and are delinquent if unpaid as of March 1. The majority of collections occur in the months of December through February.

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town of Henderson for the year ended June 30, 2022. The sales tax revenue bonds are paid by the sales tax fund. The other revenue bonds relate to business-type activities, which is paid for by the utility fund. The financed purchase payments are paid by the general fund. In the past, payments on long-term debt were paid in the same manner.

	<u>Revenue Bonds</u>	<u>Vehicle Financed Purchase</u>	<u>Total</u>
Long-term debt, June 30, 2021	\$ 1,763,500	\$ -	\$ 1,763,500
Additions	-	67,380	67,380
Deletions	<u>(111,129)</u>	<u>(23,856)</u>	<u>(134,985)</u>
Long-term debt, June 30, 2022	<u>\$ 1,652,371</u>	<u>\$ 43,524</u>	<u>\$ 1,695,895</u>

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2022 is as follows:

Revenue bonds:

\$600,000 Sewer Revenue Bonds Series 2000, issued by the Louisiana Department of Environmental Quality, with an interest rate of 3.45% and a maturity date of March 1, 2027 \$ 197,000

\$925,000 Sales Tax Revenue Bonds Series 2016, issued by the Town of Henderson, with an interest rate between 1% and 3.9% and a maturity date of August 1, 2031 666,000

USDA Bonds:

\$641,000 bond payable, issued by USDA, due in monthly installments of \$2,930; interest rate of 4.50%; full maturity at August 2045 501,089

\$375,000 bond payable, issued by USDA, due in monthly installments of \$1,625; interest rate of 4.125%; full maturity at August 2045 288,282

Total bonds payable \$ 1,652,371

Vehicle Financed purchase:

\$67,380 financed purchase on (2) 2021 Dodge Durangos, due in three annual payments of \$23,856; from November 15, 2021 to November 15, 2023; interest rate of 6.35% \$ 43,524

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize the outstanding debt as of June 30, 2022 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 136,117	\$ 61,225
2024	141,392	56,672
2025	122,937	51,872
2026	127,957	48,344
2027	132,023	44,627
2028 - 2032	503,838	165,284
2033 - 2037	177,584	95,742
2038 - 2042	220,799	52,528
2044 - 2046	<u>133,248</u>	<u>6,232</u>
Total	<u>\$ 1,695,895</u>	<u>\$ 582,526</u>

(10) Sales Taxes

Proceeds of a 1% sales and use tax approved in a special election in June 1972 were rededicated in an election held in April of 2016. The proceeds are now dedicated to be used for the purpose of constructing, acquiring, improving, operating and maintaining public streets, including incidental drainage, parks and recreational facilities, public buildings, and sewage collection and disposal system, including land, equipment, fixtures and furnishings for said purposes and, maintaining and operating garbage and solid waste collection and disposal facilities.

Proceeds from the 1% sales and use tax were \$582,231 for the year ended June 30, 2022.

(11) Park Fund

On April 13, 1984, the Town Council approved the establishment of a Park Fund. The fund is to be used to account for revenues from park usage fees and expenses for maintaining the park.

Park usage fees collected for the year ended June 30, 2022 were \$24,480.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Compensation of Town Officials

A detail of compensation paid to Town officials for the year ended June 30, 2022 follows:

Sherbin Collette, Mayor (also, see Note 17)	<u>\$ 52,800</u>
Leroy Guidry, Chief of Police	<u>\$ 43,884</u>
Town Council-	
Nita Berard	\$ 1,350
Judy Broussard	1,350
Bill Legrand	1,350
Jody Meche	1,300
William White	<u>1,350</u>
	<u>\$ 6,700</u>

(13) Risk Management

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the year ended June 30, 2022, nor have settlements exceeded insurance coverage for the past three years, except that the Town paid \$37,200 for out-of-pocket expenses on one legal matter in the year ended June 30, 2022.

(14) Federal Financial Assistance Programs

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the federal grantor agencies. No provision has been made in the financial statements for the reimbursement of any expenditures that may be disallowed as a result of such a review or audit.

(15) On-behalf Payments

The Town has recognized \$37,517 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(16) Commitments and Contingencies

At June 30, 2022, the Town is involved in two lawsuits claiming damages. Management is of the opinion that insurance coverage will be adequate to cover any future liability or settlement. As such, no liability has been recorded as of June 30, 2022.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Under Act 706, the Town of Henderson, Louisiana is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the mayor for the year ended June 30, 2022.

Entity head: Sherbin Collette, Mayor

Salary	\$ 52,800
Benefits - retirement	1,584
Reimbursements - supplemental insurance	5,630
Reimbursements - telephone, etc.	<u>1,794</u>
Total	<u>\$ 61,808</u>

(18) Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of \$77,589 to the Debt Service Nonmajor Fund from the Sales Tax Special Revenue Fund for the principal and interest payments on the sales tax revenue bonds and transfers from the General Fund and Sales Tax Special Revenue Fund to the Utility Fund of \$2,943 and \$96,000, respectively, to help fund operations.

(19) Deferred Compensation Plan

The Town has a 457(b) deferred compensation plan (defined contribution plan). The Plan is a voluntary plan adopted under the provisions of Internal Revenue Code 457(b). The plan is administered by Valic Financial Advisors, Inc. The Town determines employee participation eligibility each plan year. A participant is immediately fully vested. In no event shall the assets of this plan revert to the benefit of the Town.

The Town contributions are discretionary. The Town contributed 3% of compensation for all eligible employees in the year ended June 30, 2022, which amounted to \$9,000. Employee contributions ranged from 1% to 7%. Participants can elect any combination of Pre-tax or Roth deferral options.

Benefits are payable to former employees at the time and in the manner designated by participants on a distribution election form. In no event may a participant defer payment of benefits later than April 1 of the calendar year immediately following the year in which participant attains age 70 ½ or the date on which participant terminates employment, if later.

TOWN OF HENDERSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) Risks and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through mandated closings, reduction of operating hours, or operational restrictions for nonessential businesses, including retail stores, restaurants, personal service businesses and all entertainment venues. While the disruption is expected to be temporary, there is still uncertainty about the duration of and the implications of the closings. The Town of Henderson, Louisiana expects this matter to negatively impact availability of resources and operating results. The financial impact cannot be reasonably estimated at this time.

(21) New Accounting Pronouncement

In June of 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Town of Henderson, Louisiana adopted this standard in the year ended June 30, 2022. The implementation of this standard had no material effect on the Town of Henderson, Louisiana's financial statements for the year ended June 30, 2022.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF HENDERSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Ad valorem	\$ 6,000	\$ 6,000	\$ 15,733	\$ 9,733
Beer & tobacco taxes	3,000	3,000	274	(2,726)
Franchise taxes	85,000	85,000	104,260	19,260
Total taxes	<u>94,000</u>	<u>94,000</u>	<u>120,267</u>	<u>26,267</u>
Licenses and permits	<u>62,000</u>	<u>62,000</u>	<u>68,295</u>	<u>6,295</u>
Federal grants	<u>-</u>	<u>332,483</u>	<u>63,240</u>	<u>(269,243)</u>
Intergovernmental revenues:				
Video poker	<u>2,500</u>	<u>2,500</u>	<u>9,278</u>	<u>6,778</u>
State funds:				
State grants	237,000	524,000	496,701	(27,299)
State revenue sharing	3,400	3,400	705	(2,695)
Supplemental pay	47,000	42,000	37,517	(4,483)
Total state funds	<u>287,400</u>	<u>569,400</u>	<u>534,923</u>	<u>(34,477)</u>
Fines and forfeitures	<u>1,100,000</u>	<u>2,000,000</u>	<u>2,007,270</u>	<u>7,270</u>
Interest income	<u>-</u>	<u>-</u>	<u>4,787</u>	<u>4,787</u>
Miscellaneous income	<u>29,000</u>	<u>29,000</u>	<u>11,124</u>	<u>(17,876)</u>
Total revenues	<u>1,574,900</u>	<u>3,089,383</u>	<u>2,819,184</u>	<u>(270,199)</u>
Expenditures:				
General government:				
Legislative	6,750	6,750	6,700	50
Judicial	15,000	15,000	17,705	(2,705)
Executive	100,392	119,810	116,895	2,915
Finance & administrative	240,500	240,500	181,237	59,263
Total general government	<u>362,642</u>	<u>382,060</u>	<u>322,537</u>	<u>59,523</u>
Public safety	1,012,636	1,171,636	1,124,818	46,818
Debt service:				
Principal	18,138	18,138	23,856	(5,718)
Interest	1,224	1,224	2	1,222
Capital outlay	<u>483,874</u>	<u>931,874</u>	<u>963,872</u>	<u>(31,998)</u>
Total expenditures	<u>1,878,514</u>	<u>2,504,932</u>	<u>2,435,085</u>	<u>69,847</u>
Excess (deficiency) of revenues over expenditures	(303,614)	584,451	384,099	(200,352)
Other financing sources:				
Financed purchase proceeds	-	-	67,380	67,380
Operating transfers out	<u>-</u>	<u>(104,153)</u>	<u>(2,943)</u>	<u>(107,096)</u>
Total other financing sources	<u>-</u>	<u>(104,153)</u>	<u>64,437</u>	<u>(39,716)</u>
Net change in fund balances	(303,614)	480,298	448,536	(240,068)
Fund balance, beginning	<u>2,227,441</u>	<u>2,563,811</u>	<u>2,563,811</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,923,827</u>	<u>\$ 3,044,109</u>	<u>\$ 3,012,347</u>	<u>\$ (31,762)</u>

TOWN OF HENDERSON, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Sales and use tax	\$ 430,000	\$ 600,000	\$ 582,231	\$ (17,769)
Garbage collection fees	102,000	102,000	125,704	23,704
Miscellaneous income	500	500	-	(500)
Investment income	1,000	1,000	1,406	406
Total revenues	533,500	703,500	709,341	5,841
Expenditures:				
General government -				
Finance & administrative	86,600	95,600	90,777	4,823
Sanitation	115,000	125,000	126,733	(1,733)
Capital outlay	-	-	-	-
Total expenditures	201,600	220,600	217,510	3,090
Excess of revenues over expenditures	331,900	482,900	491,831	8,931
Other financing uses:				
Operating transfers out	(166,000)	(176,000)	(173,589)	2,411
Net change in fund balance	165,900	306,900	318,242	11,342
Fund balance, beginning	746,715	927,972	927,972	-
Fund balance, ending	\$ 912,615	\$ 1,234,872	\$ 1,246,214	\$ 11,342

TOWN OF HENDERSON, LOUISIANA

Notes to the Required Supplementary Information
For the Year Ended June 30, 2022

(1) Budgets and Budgetary Accounting

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

1. The Town Clerk prepares a proposed budget and submits it to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all the funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Town Council. Such amendments were not material in relation to the original appropriations.

SUPPLEMENTARY INFORMATION

TOWN OF HENDERSON, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Schedule
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 June 30, 2022

	First Six Month Period Ended 12/31/21	Second Six Month Period Ended 6/30/22
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	179,816	162,071
Criminal Fines - Other	835,020	825,238
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	46,241	44,270
Subtotal Collections	\$ 1,061,077	\$ 1,031,579
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
<i>Acadiana Criminalistics Laboratory, Court Costs/Fees</i>	\$ 116,010	\$ 109,440
<i>Department of Health & Hospitals, Traumatic Head & Spinal Cord Injury Trust Fund, Criminal Court Costs/Fees</i>	19,380	18,335
<i>Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees</i>	7,579	7,150
<i>Louisiana Supreme Court, Criminal Court Costs/Fees</i>	1,933	1,824
<i>St. Martin Parish Crime Stoppers, Criminal Court Costs/Fees</i>	7,734	7,296
<i>State of Louisiana, Trial Court Management Information System, Criminal Court Costs/Fees</i>	3,867	3,648
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	23,313	14,378
Self Disbursed to Town of Henderson, Criminal Fines, Other	835,020	825,238
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	46,241	44,270
Subtotal Disbursements/Retainage	\$ 1,061,077	\$ 1,031,579
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ -	\$ -
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	\$ -	\$ -
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	\$ -	\$ -
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	\$ -	\$ -

TOWN OF HENDERSON, LOUISIANA

Justice System Funding Schedule - Receiving Schedule
 As Required by Act 87 of the 2020 Regular Legislative Session
 Cash Basis Presentation
 June 30, 2022

First Six Month Period Ended 12/31/21	Second Six Month Period Ended 6/30/22
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Receipts From: (Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)

Louisiana Department of Public Safety and Corrections, Criminal
 Court Costs/Fees
Subtotal Receipts

\$	2,950	\$	2,175
\$	2,950	\$	2,175

Ending Balance of Amounts Assessed but Not Received (only applies to those agencies that assess on behalf of themselves, such as courts)

\$	-	\$	-
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Collection Types to be used in the "Receipts From:" section above
Civil Fees
Bond Fees
Asset Forfeiture/Sale
Pre-Trial Diversion Program Fees
Criminal Court Costs/Fees
Criminal Fines - Contempt
Criminal Fines - Other
Restitution
Probation/Parole/Supervision Fees
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)
Interest Earnings on Collected Balances
Other (do not include collections that fit into more specific categories above)

OTHER INFORMATION

TOWN OF HENDERSON, LOUISIANA

Schedule of Insurance in Force

June 30, 2022

<u>Description of Coverage</u>	<u>Coverage Amounts</u>	<u>Expiration Date</u>
Workmen's compensation - Employer's liability	\$ 500,000	1/1/2023
Surety bonds -		
Public employees	(per employee) 10,000 / 40,000	8/10/2022 - 7/15/2023
Honesty blanket	79,000	6/3/2023
Building and contents	188,000	4/1/2023
General liability	500,000	12/8/2022
Law enforcement officers' liability	500,000	12/8/2022
Public officials' errors and omissions liability	500,000	12/8/2022
Commercial auto	500,000	12/8/2022

TOWN OF HENDERSON, LOUISIANA
Proprietary Fund
Schedule of Number of Sewer Customers and Rates
June 30, 2022

Records maintained by the Town indicated the following number of customers were being serviced during the month of June 30, 2022:

<u>Customer Type</u>	<u>Number</u>
Residential	556
Commercial	36

Residential customers are charged \$22 for the first 2,000 gallons of water used and \$1.50 per 1,000 gallons above the first 2,000. Commercial customers are charged \$28.75 for the first 7,000 gallons of water used and \$1.50 per 1,000 gallons after the first 7,000 gallons.

TOWN OF HENDERSON, LOUISIANA
Proprietary Fund
Schedule of Aged Accounts Receivable
June 30, 2022

Current	\$29,039
1 -30 days	152
31-60 days	-
61-90 days	126
> 90 days	<u>1,095</u>
Total	<u>\$30,412</u>

**INTERNAL CONTROL
COMPLIANCE
AND
OTHER MATTERS**

Champagne & Company, LLC

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

The Honorable Sherbin Collette, Mayor
and Members of the Town Council
Town of Henderson, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Henderson, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Henderson, Louisiana's basic financial statements, and have issued our report thereon dated October 6, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town of Henderson, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Henderson, Louisiana's response to the findings identified in our audit and described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. The Town of Henderson, Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 6, 2022

TOWN OF HENDERSON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
For the Year Ended June 30, 2022

I. Prior Year Findings:

Internal Control over Financial Reporting

2021-001 – Inadequate Segregation of Accounting Functions

Finding:

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

Status:

Unresolved. See item 2022-001.

2021-002 – Inadequate Controls over Financial Statement Preparation

Finding:

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

Status:

Unresolved. See item 2022-002.

Compliance

There were no items at June 30, 2021.

Management Letter Items

There were no items at June 30, 2021.

(continued)

TOWN OF HENDERSON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2022

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

Internal Control over Financial Reporting

2022-001 – Inadequate Segregation of Accounting Functions; Year Initially Occurred – Unknown

Condition and Criteria:

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

Effect:

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

Cause:

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

Recommendation:

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

Management's Corrective Action Plan:

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

2022-002 -- Inadequate Controls over Financial Statement Preparation; Year Initially Occurred – Unknown

Condition and Criteria:

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

Effect:

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

Cause:

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

(continued)

TOWN OF HENDERSON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2022

Recommendation:

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

Management's Corrective Action Plan:

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

Compliance

2022-003 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred – 6/30/2022

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet the budgeted revenues and other sources by five percent or more. The Town revenues and other sources of the General Fund failed to meet the budgeted revenue by approximately 6.57%.

Effect:

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

Cause:

The condition resulted because the Town was not aware that revenue received but not expended should be recorded as unearned revenue resulting in an overstatement of budgeted revenue. Accordingly, the American Rescue Plan Act (ARPA) budgeted revenues were overstated by \$269,243.

Recommendation:

The Town should consider revenue received not yet expended when comparing actual revenues to budgeted revenues to determine if the budget needs to be amended.

TOWN OF HENDERSON, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
For the Year Ended June 30, 2022

Management's Corrective Action Plan:

Mr. Sherbin Collette, Mayor, and Mrs. Sue Dupuis, Town Clerk, are now aware that revenue received not yet expended may be considered unearned revenue and should not be included as budgeted revenue. This will be properly considered in future budgets.

Management Letter Items

There are no items reported at June 30, 2022.

IBERVILLE PARISH SHERIFF
Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2022

Champagne & Company, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Iberville Parish Sheriff and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Iberville Parish Sheriff's management is responsible for those C/C areas identified in the SAUPs.

The Iberville Parish Sheriff's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. 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 entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - 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.
No exceptions noted.
 - c) ***Disbursements***, including processing, reviewing, and approving.
No exceptions noted.

- 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).

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions noted.

- g) **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).

No exceptions noted.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

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

Written policies and procedures were obtained and do not address the functions noted above.

- k) **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.

No exceptions noted.

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

No exceptions noted.

Board or Finance Committee

The Iberville Parish Sheriff is not required to maintain minutes; therefore, these steps are not applicable.

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 a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) 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.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

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 5 deposit sites (or all deposit sites if less than 5).

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

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

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

At one of the two cash collection locations tested, a cash drawer is shared between employees.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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/official verifies the reconciliation.

No exceptions noted.

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.

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

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

No exceptions noted.

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 5 locations (or all locations if less than 5).

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

- 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:

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

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

No exceptions noted.

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

Only one employee is involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

- a) Observe that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

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

No exceptions noted.

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.

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

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

No exceptions noted.

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

1 monthly statement for 1 credit card tested had late fees assessed.

- 13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

3 transactions tested did not include an original itemized receipt that identifies precisely what was purchased.

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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete.

- 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 U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

- c) 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).

No exceptions noted.

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

No exceptions noted.

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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

No exceptions noted.

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

No exceptions noted.

- 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).

No exceptions noted.

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

1 contract tested was not paid in accordance with the terms and conditions of the contract.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

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

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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 entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

No exceptions noted.

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.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

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

No exceptions noted.

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

The Iberville Parish Sheriff did not make changes to the ethics policy during the fiscal period; therefore, this test was not applicable.

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.

The Iberville Parish Sheriff did not have bonds/notes and other debt instruments issued during the fiscal period; therefore, this test was not applicable.

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).

The Iberville Parish Sheriff does not have bonds/notes outstanding at the end of the fiscal period; therefore, this test was not applicable.

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

The Iberville Parish Sheriff did not have misappropriations of public funds and assets during the fiscal period; therefore, this test was not applicable.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if 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.

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

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

No exceptions noted.

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

Obtained the Iberville Parish Sheriff’s annual sexual harassment report for the current fiscal period, noting that the report was dated before February 1st.

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

No exceptions noted.

- b) Number of sexual harassment complaints received by the agency;

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

We are required to be independent of the Iberville Parish Sheriff's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
October 4, 2022

IBERVILLE PARISH SHERIFF
Plaquemine, Louisiana

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2022

Management's Response to Item:

- 1j Iberville Parish Sheriff's Office (IPSO) will consider creating a policy, however, the lease was recently paid off and IPSO is not expected to enter into another lease or issue any other type of debt in the near future.

- 5a Although employees in the courthouse share a cash drawer, there are compensating controls over the cash drawer that make management comfortable with such. No changes deemed necessary.

- 9b IPSO does require Sheriff approval of invoices greater than \$5,000 that are non-recurring and non-payroll related. No other changes deemed necessary at this time.

- 12b Credit card payments were previously being mailed; the process has changed to make credit card payments online to avoid potential mailing delays. In addition, payments may be delayed if certain support for charges are not received promptly.

- 13 These transactions were for recurring monthly charges; a monthly invoice is not available for these types of transactions.

- 15d This invoice was not received by IPSO from the vendor until 6 months after the date of the invoice. Once the invoice was received, it was promptly paid.