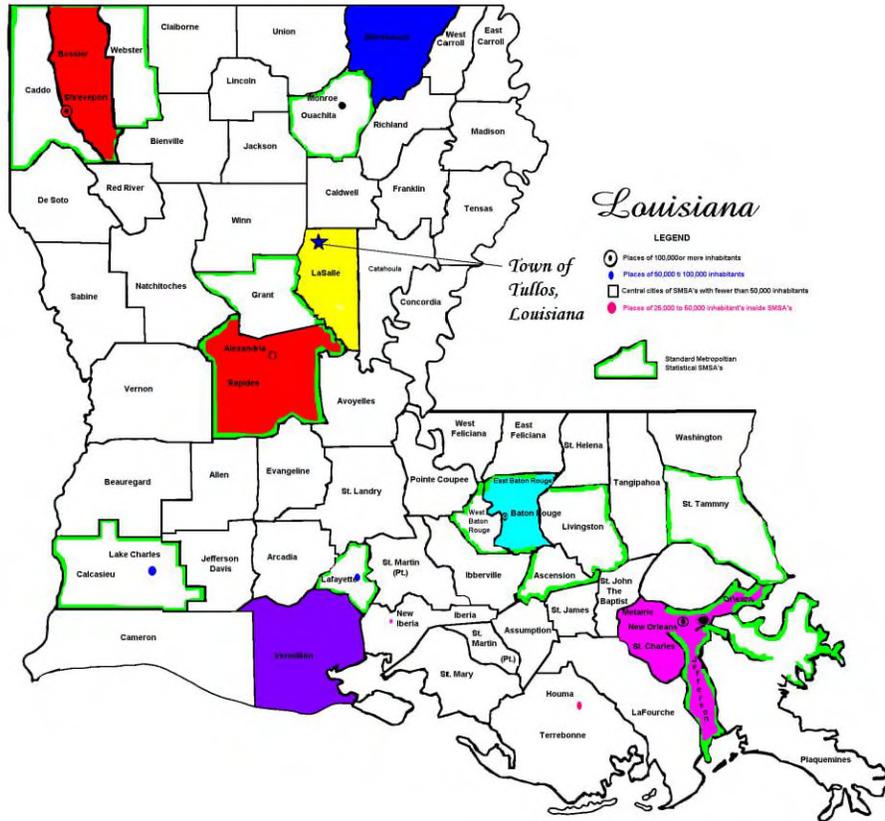


TOWN OF TULLOS, LOUISIANA

Annual Financial Statements

June 30, 2023

TOWN OF TULLOS, LOUISIANA



✓ The Town of Tullos was incorporated under the Lawrason Act and operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

TOWN OF TULLOS, LOUISIANA
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June 30, 2023

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Association of
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INDEPENDENT AUDITOR'S REPORT

Honorable Karla Cockerham, Mayor
Town of Tullos
PO Box 749
Tullos, LA 71479

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Tullos, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Tullos'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 and the business-type of the Town of Tullos, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Tullos'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Tullos's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tullos’s basic financial statements. The Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule 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 Schedule of Compensation, Benefits and other Payments to Agency Head or Chief Executive Officer and the Justice System Funding Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023, on our consideration of the Town of Tullos’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 Tullos’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 Tullos’s internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
September 27, 2023

Town of Tullos

PO Box 749
Tullos, Louisiana 71479
Tel: (318) 534-6499

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Tullos's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$1,033,858 (*net position*). This is a \$135,308 increase from last year.
- The Town had total revenue of \$719,296 in which \$441,630 came from fines. This is a \$167,581 increase from last year's revenues, mainly due to an increase in intergovernmental grants in the amount of \$147,490.
- The Town had total expenditures of \$577,804, which is a \$1,844 increase from last year. This increase is due mainly to an increase in capital outlay in the amount of \$5,232.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$2,035,654 (*net position*). This is a \$20,701 decrease from last year.
- The Town had total operating revenue of \$448,330. This is a \$27,195 increase from last year. This increase is due mainly to an increase in services charged in the amount of \$14,111.
- The Town had total expenses of \$517,408. This is a \$97,514 increase from last year. An increase in the cost of sales in the amount of \$71,396 is the main cause of this increase.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our accountant has provided assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
ASSETS			
Cash & Investments	\$ 195,609	\$ 286,616	46.5
Receivables	52,320	52,307	-0.2
Capital Assets, Net of Accumulated Depreciation	659,276	701,417	6.4
TOTAL ASSETS	<u>907,205</u>	<u>1,040,340</u>	14.7
LIABILITIES & NET POSITION			
Accounts, Salaries, & Other Payables	8,655	6,482	-25.1
TOTAL LIABILITIES	<u>8,655</u>	<u>6,482</u>	-25.1
NET POSITION			
Net Investment in Capital Assets	659,276	701,417	6.4
Restricted	9,993	5,017	-49.8
Unrestricted	229,281	327,424	42.8
TOTAL NET POSITION	<u>\$ 898,550</u>	<u>\$ 1,033,858</u>	15.1

MD&A

GOVERNMENTAL FUNDS

Comparative Changes in Fund Balances

The following table reflects the Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
REVENUES			
Fees & Charges	\$ 46,774	\$ 47,838	2.3
Taxes	34,690	33,739	-2.7
Fines	437,804	441,630	0.9
Intergovernmental – Capital Grants	12,500	159,990	1179.9
Other	19,947	36,099	81.0
TOTAL REVENUES	<u>551,715</u>	<u>719,296</u>	30.4
EXPENDITURES			
Administrative	84,464	75,258	-10.9
Operations	169,917	125,239	-26.3
Police Expense	233,544	284,040	21.6
Capital Outlay	88,035	93,267	5.9
Debt Service	-0-	-0-	0.0
TOTAL EXPENDITURES	<u>575,960</u>	<u>577,804</u>	0.3
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(24,245)</u>	<u>141,492</u>	683.6
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(114,223)</u>	<u>(48,325)</u>	57.7
TOTAL OTHER FINANCING SOURCES (USES)	<u>(114,223)</u>	<u>(48,325)</u>	57.7
NET CHANGE IN FUND BALANCE	(138,468)	93,167	166.2
FUND BALANCES--BEGINNING	<u>377,742</u>	<u>239,274</u>	-36.7
FUND BALANCES--ENDING	<u>\$ 239,274</u>	<u>\$ 332,441</u>	38.9

MD&A

ENTERPRISE FUND

Comparative Statement of Net Position

The following table represents a Comparative Statement of Net Position as of June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
ASSETS			
Cash	\$ 174,513	\$ 201,368	15.4
Receivables	36,294	37,862	4.3
Restricted Assets	58,865	104,993	78.4
Capital Assets, Net of Accumulated Depreciation	<u>2,561,071</u>	<u>2,456,094</u>	-4.1
TOTAL ASSETS	<u>2,830,743</u>	<u>2,800,317</u>	-1.1
LIABILITIES AND NET POSITION			
Accounts, Salaries, & Other Payables	394,552	383,777	-2.7
Customer Deposits	24,510	25,560	4.3
URAF Funding	<u>355,326</u>	<u>355,326</u>	0.0
TOTAL LIABILITIES	<u>774,388</u>	<u>764,663</u>	-1.3
NET POSITION			
Net Investment in Capital Assets	2,205,745	2,109,417	-4.4
Unrestricted	<u>(149,390)</u>	<u>(73,763)</u>	50.6
TOTAL NET POSITION	<u>\$ 2,056,355</u>	<u>\$ 2,035,654</u>	-1.0

MD&A

ENTERPRISE FUND

Comparative Changes in Net Position

The following table reflects the Comparative Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2023:

	<u>2022</u>	<u>2023</u>	<u>% Change</u>
OPERATING REVENUES			
Charges for Services	\$ 308,850	\$ 322,861	4.6
Other	112,285	125,469	11.7
TOTAL OPERATING REVENUES	<u>421,135</u>	<u>448,330</u>	6.5
OPERATING EXPENSES			
Cost of Sales & Services	291,347	362,743	24.5
Administration	18,711	19,129	2.2
Depreciation	109,836	135,536	23.4
TOTAL OPERATING EXPENSES	<u>419,894</u>	<u>517,408</u>	23.2
OPERATING INCOME (LOSS)	<u>1,241</u>	<u>(69,078)</u>	-5666.3
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	-0-	52	100.0
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-0-</u>	<u>52</u>	100.0
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	1,241	(69,026)	-5666.2
Transfers In/(Out)	114,223	48,325	57.7
Capital Contributions	180,142	-0-	-100.0
CHANGE IN NET POSITION	295,606	(20,701)	-27.2
TOTAL NET POSITION – BEGINNING	<u>1,760,749</u>	<u>2,056,355</u>	16.8
TOTAL NET POSITION – ENDING	<u>\$ 2,056,355</u>	<u>\$ 2,035,654</u>	-1.0

MD&A

CAPITAL ASSETS & LONG-TERM DEBT

Capital Assets – Governmental Fund

At June 30, 2023, the Town had \$701,417 invested in capital assets, including the following:

Capital Assets at Year-End

	<u>2022</u>	<u>2023</u>
Buildings	\$ 491,467	\$ 592,940
Machinery & Equipment	1,052,860	1,043,780
Accumulated Depreciation	<u>(885,051)</u>	<u>(935,303)</u>
Total	<u>\$ 659,276</u>	<u>\$ 701,417</u>

Capital Assets – Enterprise Fund

At June 30, 2023, the Town had \$2,464,743 invested in capital assets, including the following:

Capital Assets at Year-End

	<u>2022</u>	<u>2023</u>
Water Assets *	\$ 3,716,358	\$ 3,746,919
Sewer Assets	1,422,958	1,422,958
Accumulated Depreciation	<u>(2,578,246)</u>	<u>(2,713,783)</u>
Total	<u>\$ 2,561,070</u>	<u>\$ 2,456,094</u>

* Included in this amount is land in the amount of \$8,649, which is not being depreciated.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Karla Cockerham, Mayor, at the Town of Tullos, phone (318) 534-6499.

BASIC FINANCIAL STATEMENTS

TOWN OF TULLOS, LOUISIANA
Statement of Net Position
June 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash	\$ 286,616	\$ 201,368	\$ 487,984
Receivables (Net of Allowances for Uncollectible)	52,307	37,862	90,169
TOTAL CURRENT ASSETS	<u>338,923</u>	<u>239,230</u>	<u>578,153</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	104,993	104,993
Capital Assets (Net of Accumulated Depreciation)	701,417	2,456,094	3,157,511
TOTAL NON-CURRENT ASSETS	<u>701,417</u>	<u>2,561,087</u>	<u>3,262,504</u>
TOTAL ASSETS	<u>1,040,340</u>	<u>2,800,317</u>	<u>3,840,657</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	6,482	383,777	390,259
TOTAL CURRENT LIABILITIES	<u>6,482</u>	<u>383,777</u>	<u>390,259</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	25,560	25,560
URAF Funding	-0-	355,326	355,326
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>	<u>380,886</u>	<u>380,886</u>
TOTAL LIABILITIES	<u>6,482</u>	<u>764,663</u>	<u>771,145</u>
NET POSITION			
Net Investment in Capital Assets	701,417	2,109,417	2,810,834
Restricted	5,017	-0-	5,017
Unrestricted	327,424	(73,763)	253,661
TOTAL NET POSITION	<u>\$ 1,033,858</u>	<u>\$ 2,035,654</u>	<u>\$ 3,069,512</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2023

	PROGRAM REVENUES				NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Capital Grants & Contributions	Net (Expenses) Revenue	Governmental Activities	Business Type Activities	Total
GOVERNMENTAL ACTIVITIES							
General Government	\$ (192,402)	\$ 28,985	\$ 153,904	\$ (9,513)	\$ (9,513)		\$ (9,513)
Public Safety:							
Fire	(56,126)	18,853	6,086	(31,187)	(31,187)		(31,187)
Police	(287,135)	-0-	-0-	(287,135)	(287,135)		(287,135)
Interest on Long-Term Debt	-0-	-0-	-0-	-0-	-0-		-0-
TOTAL GOVERNMENTAL ACTIVITIES	<u>(535,663)</u>	<u>47,838</u>	<u>159,990</u>	<u>(327,835)</u>	<u>(327,835)</u>		<u>(327,835)</u>
BUSINESS TYPE ACTIVITIES							
Water	(350,351)	240,920	902	(108,529)		(108,529)	(108,529)
Sewer	(167,057)	81,941	4,000	(81,116)		(81,116)	(81,116)
TOTAL BUSINESS TYPE ACTIVITIES	<u>(517,408)</u>	<u>322,861</u>	<u>4,902</u>	<u>(189,645)</u>		<u>(189,645)</u>	<u>(189,645)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (1,053,071)</u>	<u>370,699</u>	<u>164,892</u>	<u>(517,480)</u>			<u>(517,480)</u>
			GENERAL REVENUES				
			Ad Valorem Taxes		20,852	-0-	20,852
			Franchise Taxes		8,364	-0-	8,364
			Other Taxes		4,523	120,619	125,142
			Fines & Forfeitures		441,630	-0-	441,630
			Other General Revenues		35,871	-0-	35,871
			Interest Income		228	-0-	228
			Transfers In (Out)		(48,325)	48,325	-0-
			TOTAL GENERAL REVENUES		<u>463,143</u>	<u>168,944</u>	<u>632,087</u>
			CHANGE IN NET POSITION		135,308	(20,701)	114,607
			NET POSITION - BEGINNING		898,550	2,056,355	2,954,905
			NET POSITION - ENDING		<u>\$ 1,033,858</u>	<u>\$ 2,035,654</u>	<u>\$ 3,069,512</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2023

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash & Cash Equivalents	\$ 285,034	\$ 1,582	\$ 286,616
Receivables (Net of Allowances For Uncollectable)	48,872	3,435	52,307
TOTAL ASSETS	<u>333,906</u>	<u>5,017</u>	<u>338,923</u>
LIABILITIES			
Accounts, Salaries, and Other Payables	6,482	-0-	6,482
TOTAL LIABILITIES	<u>6,482</u>	<u>-0-</u>	<u>6,482</u>
FUND BALANCES			
Restricted	-0-	5,017	5,017
Unassigned	327,424	-0-	327,424
TOTAL FUND BALANCES	<u>327,424</u>	<u>5,017</u>	<u>332,441</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 333,906</u>	<u>5,017</u>	<u>338,923</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balance, Total Governmental Funds (Statement C)		\$ 332,441
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	\$ 1,636,720	
Less Accumulated Depreciation	<u>(935,303)</u>	701,417
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		<u>-0-</u>
Net Position of Governmental Activities (Statement A)		\$ <u>1,033,858</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>GENERAL</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
REVENUES			
Fees & Charges	\$ 28,985	\$ 18,853	\$ 47,838
Ad Valorem Taxes	20,852	-0-	20,852
Franchise Tax	8,364	-0-	8,364
Other Tax	4,523	-0-	4,523
Fines	441,630	-0-	441,630
Intergovernmental – Capital Grants	153,904	6,086	159,990
Interest Income	228	-0-	228
Other	35,871	-0-	35,871
TOTAL REVENUES	<u>694,357</u>	<u>24,939</u>	<u>719,296</u>
EXPENDITURES			
Administrative	75,258	-0-	75,258
Operations	105,547	19,692	125,239
Police Expense	284,040	-0-	284,040
Capital Outlay	65,774	27,493	93,267
Debt Service	-0-	-0-	-0-
TOTAL EXPENDITURES	<u>530,619</u>	<u>47,185</u>	<u>577,804</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>163,738</u>	<u>(22,246)</u>	<u>141,492</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	<u>(65,595)</u>	<u>17,270</u>	<u>(48,325)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(65,595)</u>	<u>17,270</u>	<u>(48,325)</u>
NET CHANGE IN FUND BALANCE	98,143	(4,976)	93,167
FUND BALANCES--BEGINNING	229,281	9,993	239,274
FUND BALANCES--ENDING	<u>\$ 327,424</u>	<u>5,017</u>	<u>332,441</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 93,167

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. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	\$	92,393	
Depreciation Expense		(50,252)	
		42,141	42,141

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Paid	\$	-0-	
Additions to Interest		-0-	
		-0-	-0-

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

-0-

Changes in Net Position of Governmental Activities, Statement B

\$ 135,308

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2023

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 5,226	\$ 196,142	\$ 201,368
Receivables (Net of Allowances for Uncollectible)	12,899	24,963	37,862
TOTAL CURRENT ASSETS	<u>18,125</u>	<u>221,105</u>	<u>239,230</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	104,993	104,993
Capital Assets (Net of Accumulated Depreciation)	685,801	1,770,293	2,456,094
TOTAL NON-CURRENT ASSETS	<u>685,801</u>	<u>1,875,286</u>	<u>2,561,087</u>
TOTAL ASSETS	<u>703,926</u>	<u>2,096,391</u>	<u>2,800,317</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	-0-	383,777	383,777
TOTAL CURRENT LIABILITIES	<u>-0-</u>	<u>383,777</u>	<u>383,777</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	25,560	25,560
URAF Funding	177,663	177,663	355,326
TOTAL NON-CURRENT LIABILITIES	<u>177,663</u>	<u>203,223</u>	<u>380,886</u>
TOTAL LIABILITIES	<u>177,663</u>	<u>587,000</u>	<u>764,663</u>
NET POSITION			
Net Investment in Capital Assets	508,138	1,601,279	2,109,417
Restricted	-0-	-0-	-0-
Unrestricted	18,125	(91,888)	(73,763)
TOTAL NET POSITION	<u>\$ 526,263</u>	<u>\$ 1,509,391</u>	<u>\$ 2,035,654</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Position
Proprietary Funds
June 30, 2023

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUND (MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 81,941	\$ 240,920	\$ 322,861
Sales Tax	-0-	120,619	120,619
Other	4,000	850	4,850
TOTAL OPERATING REVENUES	<u>85,941</u>	<u>362,389</u>	<u>448,330</u>
OPERATING EXPENSES			
Cost of Sales & Services	126,656	236,087	362,743
Administration	8,837	10,292	19,129
Depreciation	31,564	103,972	135,536
TOTAL OPERATING EXPENSES	<u>167,057</u>	<u>350,351</u>	<u>517,408</u>
OPERATING INCOME (LOSS)	<u>(81,116)</u>	<u>12,038</u>	<u>(69,078)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-0-	52	52
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-0-</u>	<u>52</u>	<u>52</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>(81,116)</u>	<u>12,090</u>	<u>(69,026)</u>
Transfers In/(Out)	54,742	(6,417)	48,325
Capital Contributions	-0-	-0-	-0-
CHANGE IN NET POSITION	<u>(26,374)</u>	<u>5,673</u>	<u>(20,701)</u>
TOTAL NET POSITION – BEGINNING	<u>552,637</u>	<u>1,503,718</u>	<u>2,056,355</u>
TOTAL NET POSITION – ENDING	<u>\$ 526,263</u>	<u>\$ 1,509,391</u>	<u>\$ 2,035,654</u>

The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2023

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUND (MAJOR ENTERPRISE FUND)		
	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 85,952	\$ 361,860	\$ 447,812
Payments to Employees	(8,837)	(10,292)	(19,129)
Payments to Suppliers	(130,371)	(280,624)	(410,995)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(53,256)</u>	<u>70,944</u>	<u>17,688</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	54,742	(6,417)	48,325
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>54,742</u>	<u>(6,417)</u>	<u>48,325</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Contributions & Grants	-0-	-0-	-0-
Construction of Capital Assets	-0-	(39,210)	(39,210)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>-0-</u>	<u>(39,210)</u>	<u>(39,210)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments & Restricted Funds	-0-	-0-	-0-
Interest & Dividends Received	-0-	52	52
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-0-</u>	<u>52</u>	<u>52</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	1,486	25,369	26,855
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	3,740	170,773	174,513
CASH & CASH EQUIVALENTS, END OF YEAR	<u>5,226</u>	<u>\$ 196,142</u>	<u>\$ 201,368</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	(81,116)	12,090	(69,026)
Depreciation Expense	31,564	103,972	135,536
(Increase) Decrease in Accounts Receivable	11	(1,579)	(1,568)
Increase (Decrease) in Accounts Payables	(3,715)	(44,589)	(48,304)
Increase (Decrease) Customer Deposits	-0-	1,050	1,050
TOTAL ADJUSTMENTS	<u>27,860</u>	<u>58,854</u>	<u>86,714</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (53,256)</u>	<u>\$ 70,944</u>	<u>\$ 17,688</u>

The accompanying notes are an integral part of this statement.

**NOTES
To THE BASIC
FINANCIAL STATEMENTS**

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Tullos was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services), and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Town of Tullos conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

- The General Fund is the municipality's primary operating fund. It accounts for all financial resources and expenditures of the general government, except those required to be accounted for in another fund.
- The Special Revenue Fund is used to account for all financial resources and expenditures of the Town's Fire Department.

The municipality reports the following major proprietary funds:

- Enterprise Fund
 - Water Activities
 - Sewer Activities

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their 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.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The District has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

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

D. CASH & CASH EQUIVALENTS

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

F. AD VALOREM TAXES

The entity levies taxes on real and business personal property located within its boundaries. The entity utilizes the services of the LaSalle Parish Tax Assessor to assess the property values and prepare the entity's property tax roll. The entity bills and collects its own property taxes.

Property Tax Calendar

Property Tax Calendar	
Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

For the year ended June 30, 2023, taxes of 7.78 mills were levied against property having a valuation of some \$2,250,292 which produced some \$20,852 in revenue.

General purposes	7.78 mills
Total taxes levied	\$20,852

G. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

H. RESTRICTED ASSETS

Restricted assets include cash and cash investments in the proprietary funds which are restricted.

- Restricted assets were applicable to the following at June 30, 2023:

	Business	Governmental	
Customer Deposits	\$ 33,426	\$ -0-	
Sales Tax	71,567	-0-	
Total	\$ 104,993	\$ -0-	

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Tullos maintains a threshold level of \$500 or more for capitalizing capital assets.

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

For the year ended June 30, 2023, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	20-40
Sewer System	20-40
Buildings & Improvements	15-40
Equipment	5-10
Vehicles	5-7
Furniture & Fixtures	5

J. COMPENSATED ABSENCES

The Town has no compensated absence policy.

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

L. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plan that are subject to change.

M. 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 expenses during the reporting period. Actual results could differ from those estimates.

(2) CASH & CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

	Southern Heritage	Concordia Bank & Trust	Total
Bank Balances	\$ 427,494	\$ 172,633	\$ 600,127
<i>Secured As Follows</i>			
FDIC	250,000	172,633	422,633
Securities	309,678	-0-	309,678
Total	\$ 559,678	\$ 172,633	\$ 732,311

All deposits were secured as of June 30, 2023.

(3) RECEIVABLES

The receivables of \$90,169 at June 30, 2023, are as follows:

Class of Receivable	General Fund	Fire Fund	Enterprise Fund		Total
			Water	Sewer	
Fire Fees	\$ -0-	\$ 4,579	\$ -0-	\$ -0-	\$ 4,579
Fines	48,872	-0-	-0-	-0-	48,872
Taxes	-0-	-0-	15,750	-0-	15,750
Accounts	-0-	-0-	20,653	28,859	49,512
Allowance for Doubtful Accounts	-0-	(1,144)	(11,440)	(15,960)	(28,544)
Total	\$ 48,872	\$ 3,435	\$ 24,963	\$ 12,899	\$ 90,169

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnection fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(4) TRANSFERS

Transfers From/To Other Funds	
Transfers In/(Out)	Amount
General	\$ (48,325)
Enterprise	48,325
Total	\$ -0-

The transfers were made to pay other fund expenses.

(5) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2023, is as follows:

	Governmental Activities			
	Beginning Balance	Additions	Deletions	Ending Balance
Buildings	\$ 500,547	\$ 92,393	\$ -0-	\$ 592,940
Machinery & Equipment	1,043,780	-0-	-0-	1,043,780
Total Fixed Assets	1,544,327	92,393	-0-	1,636,720
Less Accumulated Depreciation	(885,051)	(50,252)	-0-	(935,303)
Net Capital Assets	\$ 659,276	\$ 42,141	\$ -0-	\$ 701,417

Depreciation expense of \$50,252 for the year ended June 30, 2023, was charged to the following governmental functions:

General Government	\$34,989
Police	\$6,194
Fire	\$9,069
Total Depreciation	\$50,252

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Business-Type Activities

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Deletions</u>		<u>Ending Balance</u>
Water *	\$ 3,716,358	\$	30,561	\$	-0-	\$	3,746,919
Sewer	1,422,958		-0-		-0-		1,422,958
Total	<u>5,139,316</u>		<u>30,561</u>		<u>-0-</u>		<u>5,169,877</u>
Water Accumulated Depreciation	(1,872,653)		(103,973)		-0-		(1,976,626)
Sewer Accumulated Depreciation	(705,592)		(31,565)		-0-		(737,157)
Total Accumulated Depreciation	<u>(2,578,245)</u>		<u>(135,538)</u>		<u>-0-</u>		<u>(2,713,783)</u>
Net Capital Assets	<u>\$ 2,561,071</u>	\$	<u>(104,977)</u>	\$	<u>-0-</u>	\$	<u>2,456,094</u>

* Included in this amount is land in the amount of \$16,149, which is not being depreciated.

(6) UTILITY RELOCATION ASSISTANCE FUNDING (URAF)

The Town entered into two separate utility relocation agreements with DOTD (On February 21, 2005, and again on April 19, 2007) to use Utility Relocation Assistance Funding as provided for by state law and Title 70 of the Administrative Code. Pursuant to these agreements, DOTD relocated the Town’s utility lines and invoiced the Town for \$260,861 and \$94,465 (for a total of \$355,326).

Chapter 3 § 301(c) of the Louisiana Administrative Code states that “URAF funding is neither a loan nor a grant and there is no interest charged on this money. However, the utility must repay this money eventually, or it will not be allowed to locate its facilities within highway right-of-way”.

An Investigative Audit by the Legislative Auditor has determined this funding to be a liability.

(7) RESTRICTED NET POSITION

- **Special Revenue Fund (Fire Fund)**

- The Town’s special revenue fund had restricted net position of \$5,017 for fire activities.

(8) SALES TAX

Town of Tullos passed a 1.5% sales tax on November 16, 2019, that became effective on January 1, 2020. The proceeds of the tax are used to for the purpose of maintaining, operating, and supporting the sewer system and waterworks system of the Town and constructing, and acquiring improvements, replacements and extensions for said systems and acquiring, maintaining, operating and replacing equipment, fixtures and accessories for said systems.

TOWN OF TULLOS, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

(9) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2023:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Karla Cockerham	Mayor	\$ 14,400
Scott Cockerham	Police Chief & Dog Catcher	26,225
Heather Berryman	Council	300
Carmon Cook	Council	300
Floyd Temple	Council	300
Tina Murphrey Tullos	Council	300
Ronald Charlie Brown	Council	\$ 300

(10) SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date though, September 27, 2023, of the independent auditor's report for potential recognition or disclosure in the financial statements.

(11) UTILITY SYSTEM COMPLIANCE

The Town of Tullos has been assessed penalties for water system violations by the Louisiana Department of Health in the amounts of \$139,392 and \$91,344.

The Town is not contesting the imposition of penalties but is instead actively working with the LDH to resolve the underlying water system issues that led to the imposition of penalties, including through obtaining financing from the USDA and actively working toward the construction of a new water filtration system. The Town is actively working toward achieving compliance and resolution of the water system issues. If the Town does not complete the water filtration system, LDH could take steps to actively enforce the outstanding penalty amounts and could impose additional penalties.

The Town is subject to an Administrative Order issued by the United States Environmental Protection Agency for water system violations. The most recent order was issued December 7, 2020, and the Town continues to work with the EPA for resolution of the issues. The Town is actively working to achieve compliance with the EPA's Administrative Order and has continued to seek approval when the original schedule set forth in the order had to be modified. The Town is not contesting the order but is instead seeking to achieve compliance. If the Town did not achieve compliance, the EPA could impose penalties in the amount of up to \$58,325 per day for each violation. The Town is continually working with the EPA to achieve compliance.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General & Fire Funds
For the Year Ended June 30, 2023

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
General Fund	\$ 579,000	\$ 513,000	\$ 540,453	\$ 27,453
Fire Fund	20,000	19,000	24,939	5,939
Intergovernmental-Capital Grants	-0-	-0-	153,904	153,904
TOTAL REVENUES	599,000	532,000	719,296	187,296
EXPENDITURES				
General Fund	608,000	571,000	530,619	40,381
Fire Fund	20,000	26,000	47,185	(21,185)
TOTAL EXPENDITURES	628,000	597,000	577,804	19,196
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(29,000)	(65,000)	141,492	206,490
OTHER FINANCING SOURCES (USES)				
Transfer In/(Out) - General Fund	-0-	-0-	(65,595)	(65,595)
Transfers In/(Out) - Fire Fund	-0-	-0-	17,270	17,270
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	(48,325)	(48,325)
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	93,167	\$ 158,165
FUND BALANCE - BEGINNING			239,274	
FUND BALANCE - ENDING			\$ 332,441	

See independent auditor's report.

Supplemental Information

TOWN OF TULLOS, LOUISIANA
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2023

Honorable Karla Cockerham, Mayor

Purpose	Amount	
Salary	\$	14,400
Benefits-Insurance		-0-
Benefits-Retirement		-0-
Benefits (Expense Allowance)		-0-
Car Allowance		-0-
Vehicle Provided by Government		-0-
Per Diem		-0-
Reimbursements		-0-
Travel		-0-
Registration Fees		-0-
Conference Travel		-0-
Continuing Professional Education Fees		-0-
Housing		-0-
Un-vouchered Expenses*		-0-
Special Meals	\$	-0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

TOWN OF TULLOS, LOUISIANA
Justice System Funding Schedule – Collecting/Disbursing Entity
Year Ended June 30, 2023

	<u>First Six Months Ended 12/31/2022</u>	<u>Second Six Months Ended 06/30/2023</u>
Beginning Balance of Amounts Collected	\$	\$
Add: Collections		
Criminal Court Costs/Fees	216,052	225,578
Criminal Fines – Contempt	-0-	-0-
Criminal Fines – Other	-0-	-0-
Subtotal Collections	<u>216,052</u>	<u>225,578</u>
Less: Disbursements to Governments & Nonprofits		
LA Judicial College	502	388
LA Traumatic Head & Spinal Cord Injury Trust Fund	2,940	2,575
Central LA Juvenile Detention Facility	6,525	5,813
CMIS	870	775
LA Commission on Law Enforcement	1,705	1,519
North Louisiana Criminalistics Laboratory Commission	22,240	23,720
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed Criminal Fines – Other	166,367	174,292
Less: Disbursements to Individuals/3rd Party Collection or Processing Agency		
nCourt Processing Agency	7,014	6,543
American Municipal Services	7,889	9,953
Subtotal Disbursements/Retainage	<u>216,052</u>	<u>225,578</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>-0-</u>	<u>-0-</u>
Ending Balance of “Partial Payments” Collected but not Disbursed	-0-	-0-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-0-	-0-
Total Waivers During the Fiscal Period	\$ -0-	\$ -0-

See independent auditor’s report.



Other Reports

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

Honorable Karla Cockerham, Mayor
Town of Tullos
PO Box 749
Tullos, La. 71479

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 and business-type activities of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Tullos’s basic financial statements and have issued our report thereon dated September 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Tullos’s internal control over financial reporting (internal control) to determine the 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 Tullos’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tullos’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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Tullos'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item: **2023-1 Noncompliance with Louisiana Department of Health.**

The Town of Tullos's Response to Findings

The Town of Tullos's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Town of Tullos's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

The Vercher Group

Jena, Louisiana
September 27, 2023

TOWN OF TULLOS
TOWN OF TULLOS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2023

We have audited the basic financial statements of the Town of Tullos, Louisiana, as of and for the year ended June 30, 2023, and have issued our report thereon dated September 27, 2023. We conducted our audit in accordance with generally accepted auditing standards and the standards in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section I - Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2023, resulted in an unmodified opinion.

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified
 For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification Of Major Programs:

CFDA Number (s)	Name Of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

TOWN OF TULLOS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2023**

Section II – Financial Statement Findings

2023-1 Noncompliance with Louisiana Department of Health (Compliance)

Condition: The Town is not in Compliance with Louisiana Department of Health for exceeding the maximum contaminant level (MCL) for the locational running annual average for Total Trihalomethanes (TTHMs), for failure to monitor the distribution for TTHMs and HAA5, for failure to submit Operational Evaluation Level (OEL) reports for TTHMs and HAA5, for failure to collect and submit the required number of samples for Lead and Copper Rule (LCR) monitoring, for failure to provide proof of public notifications for TTHMs and HAA5 monitoring and maximum contaminant level exceedances, for failure to have a cross connection control program or ordinance, and for other violations of the Sanitary Code.

Criteria: The Municipality should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Cause of Condition: Not having available funds to address all Sanitary issues.

Effect of the Condition: Compliance violation and civil penalty of \$230,736.

Recommendation: The Town should comply with the Sanitary Code of LDH.

Management's response: The Town passed a 1.5% sales tax and is currently working with an engineer for plans to implement water system improvements to correct deficiencies with Louisiana Department of Health.

Section III Federal Awards Findings and Questioned Costs

Not applicable.

TOWN OF TULLOS, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2023-1 Noncompliance with Louisiana Department of Health (Compliance)

Finding: The Town is not in Compliance with Louisiana Department of Health for exceeding the maximum contaminant level (MCL) for the locational running annual average for Total Trihalomethanes (TTHMs), for failure to monitor the distribution for TTHMs and HAA5, for failure to submit Operational Evaluation Level (OEL) reports for TTHMs and HAA5, for failure to collect and submit the required number of samples for Lead and Copper Rule (LCR) monitoring, for failure to provide proof of public notifications for TTHMs and HAA5 monitoring and maximum contaminant level exceedances, for failure to have a cross connection control program or ordinance, and for other violations of the Sanitary Code. The Municipality should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Corrective Action: The Town passed a 1.5% sales tax and is currently working with an engineer for plans to implement water system improvements to correct deficiencies with Louisiana Department of Health.

Contact Person: Karla Cockerham, Mayor

Anticipated Completion Date: June 30, 2024

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MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Town's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

No items to report.

TOWN OF TULLOS, LOUISIANA
June 30, 2023

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Tullos, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2022.

PRIOR YEAR FINDINGS

2022-1 Noncompliance with Louisiana Department of Health (Unresolved)

Condition: The Town is not in Compliance with Louisiana Department of Health for exceeding the maximum contaminant level (MCL) for the locational running annual average for Total Trihalomethanes (TTHMs), for failure to monitor the distribution for TTHMs and HAA5, for failure to submit Operational Evaluation Level (OEL) reports for TTHMs and HAA5, for failure to collect and submit the required number of samples for Lead and Copper Rule (LCR) monitoring, for failure to provide proof of public notifications for TTHMs and HAA5 monitoring and maximum contaminant level exceedances, for failure to have a cross connection control program or ordinance, and for other violations of the Sanitary Code.

Criteria: The Municipality should comply with all Louisiana Sanitary Codes required by Louisiana Department of Health.

Cause of Condition: Not having available funds to address all Sanitary issues.

Effect of the Condition: Compliance violation and civil penalty of \$230,736.

Recommendation: The Town should comply with the Sanitary Code of LDH.

Management's response: The Town passed a 1.5% sales tax and is currently working with an engineer for plans to implement water system improvements to correct deficiencies with the Louisiana Department of Health.

2022-2 Budget Variance (Resolved)

Condition: The Town had an unfavorable revenue variance of \$107,285 or 16.3% in its general fund for the year ended June 30, 2023.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Underbudgeting expenditures.

TOWN OF TULLOS, LOUISIANA
June 30, 2023

MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS

PRIOR YEAR FINDINGS (CONTINUED):

Effect of Condition: Violation of the Budget Act.

Recommendation: The Town should amend the budget when there is an unfavorable variance in revenues or expenditures of more than 5%.

Management's response: The Town will monitor its finances and amend its budget appropriately.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable Karla Cockerham, Mayor
Town of Tullos
Po Box 749
Tullos, LA 71479

We have performed the procedures enumerated below, which were agreed to by the Town of Tullos and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period June 30, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with

outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (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.
- 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.
- 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).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions noted in the procedures performed.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on 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.

No exceptions noted in the procedures performed.

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:
 - 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);
 - 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
 - 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 in the procedures performed.

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).

Observations: Entity only has one deposit site.

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

- 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.
- 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.
- 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 in the procedures performed.

- 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.
- 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.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 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).
 - e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted in the procedures performed.

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).
- 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:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are 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.
 - 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.
 - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release of funds), whether through ACH or EFT, wire transfer, or any other electronic means.
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:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted in the procedures performed.

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

No exceptions noted in the procedures performed.

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:
- 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).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted in the procedures performed.

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:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

- 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).
- 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.

No exceptions noted in the procedures performed.

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.
- 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 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.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 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.
- 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 in the procedures performed.

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 whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
 - c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted in the procedures performed.

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.
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).

No exceptions noted in the procedures performed.

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.
24. Observe 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 in the procedures performed.

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.
 - 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.
 - 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.

No exceptions noted in the procedures performed.

Prevention of 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.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
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:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action, and
 - e) Amount of time it took to resolve each complaint.

Exception: The Entity did not file an annual sexual harassment report by February 1, including applicable requirements of R.S. 42:344.

Management Response: Management will file the applicable report by February 1, including requirements of R.S. 42:344.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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.

The Vercher Group

Jena, Louisiana
September 27, 2023