

TOWN OF KROTZ SPRINGS
KROTZ SPRINGS, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Honorable Carroll Snyder, Mayor
and Members of the Board of Aldermen/Alderwomen
Krotz Springs, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Krotz Springs, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 17 of the financial statements, in 2022, the Town of Krotz Springs adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 38 through 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Krotz Springs' basic financial statements. The General Fund Detailed Schedule of Revenues & Expenditures-Budget (GAAP Basis) and Actual, Enterprise Funds-Schedule of Operating Expenses, Combined Schedule of Investments, and the Schedule of Compensation Paid to Governing Body are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Justice System Funding Reporting Schedules (reporting schedules) were created by Act 87 of the Louisiana 2020 Regular Legislative Session. These reporting schedules are presented for purposes of additional analysis and are also 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 General Fund Detailed Schedule of Revenues & Expenditures-Budget (GAAP Basis) and Actual, Enterprise Funds-Schedule of Operating Expenses, Combined Schedule of Investments, Schedule of Compensation Paid to Governing Body, and reporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of insurance in force and the schedule of compensation, benefits, and other payments to agency head or chief executive officer but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022, on our consideration of the Town of Krotz Springs' 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 Krotz Springs' internal control

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Krotz Springs' internal control over financial reporting and compliance.

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
December 2, 2022

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,389,441	\$ 1,593,495	\$ 3,982,936
Investments	747,086	1,245,033	1,992,119
Receivables, (net of allowance for uncollectibles)	24,979	81,689	106,668
Due from other governments	38,895	-	38,895
Internal balances	(32,956)	32,956	-
Restricted assets	-	105,497	105,497
Prepaid expenses	51,289	26,520	77,809
Capital assets (not being depreciated)	835,647	2,700	838,347
Capital assets (net)	1,155,060	1,023,584	2,178,644
<u>Total assets</u>	<u>5,209,441</u>	<u>4,111,474</u>	<u>9,320,915</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>34,505</u>	<u>48,633</u>	<u>83,138</u>
<u>LIABILITIES</u>			
Accounts payable	17,026	24,918	41,944
Accrued payroll benefits	5,760	2,423	8,183
Sales tax payable	2,233	-	2,233
Unearned revenue	217,827	-	217,827
Due to other government	-	2,480	2,480
Payable from restricted assets	-	105,497	105,497
Long-term liabilities			
Due in more than one year	31,860	18,628	50,488
Net pension liability	87,893	123,884	211,777
<u>Total liabilities</u>	<u>362,599</u>	<u>277,830</u>	<u>640,429</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>27,534</u>	<u>38,809</u>	<u>66,343</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,990,707	1,026,284	3,016,991
Restricted for tax dedications	1,902,569	-	1,902,569
Unrestricted	960,537	2,817,184	3,777,721
<u>Total net position</u>	<u>\$ 4,853,813</u>	<u>\$ 3,843,468</u>	<u>\$ 8,697,281</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION			
	EXPENSES	FEEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>FUNCTIONS / PROGRAMS</u>							
Governmental Activities							
General government	\$ 546,735	\$ 12,458	\$ -	\$ -	\$ (534,277)	\$ -	\$ (534,277)
Public safety	577,118	303,962	-	-	(273,156)	-	(273,156)
Public works	157,560	-	-	-	(157,560)	-	(157,560)
Culture and recreation	31,332	-	-	-	(31,332)	-	(31,332)
<u>Total governmental activities</u>	<u>1,312,745</u>	<u>316,420</u>	<u>-</u>	<u>-</u>	<u>(996,325)</u>	<u>-</u>	<u>(996,325)</u>
Business-type Activities							
Gas	238,520	287,330	-	-	-	48,810	48,810
Water	306,903	346,578	-	-	-	39,675	39,675
Sewer	177,461	92,185	-	-	-	(85,276)	(85,276)
<u>Total business- type activities</u>	<u>722,884</u>	<u>726,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,209</u>	<u>3,209</u>
<u>Total</u>	<u>2,035,629</u>	<u>1,042,513</u>	<u>-</u>	<u>-</u>	<u>(996,325)</u>	<u>3,209</u>	<u>(993,116)</u>

Continued on next page.

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General revenues						
Taxes						
Property taxes, levied for general purposes				\$ 263,773	\$ -	\$ 263,773
Sales taxes, levied for general purposes				391,629	-	391,629
Franchise taxes				264,604	-	264,604
Interest and investment earnings				4,749	10,490	15,239
Non-employer pension revenue				3,792	5,345	9,137
Occupational licenses and other permits				67,712	-	67,712
Intergovernmental				75,651	-	75,651
Miscellaneous				17,698	7,984	25,682
Loss on disposal of capital assets				(3,684)	-	(3,684)
Transfers				(25,082)	25,082	-
<u>Total general revenues and transfers</u>				<u>1,060,842</u>	<u>48,901</u>	<u>1,109,743</u>
<u>Changes in net position</u>				<u>64,517</u>	<u>52,110</u>	<u>116,627</u>
Net position - July 1, 2021				<u>4,789,296</u>	<u>3,791,358</u>	<u>8,580,654</u>
Net position - June 30, 2022				<u>\$ 4,853,813</u>	<u>\$ 3,843,468</u>	<u>\$ 8,697,281</u>

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF KROTZ SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>GENERAL</u>	<u>SALES TAX</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,020,335	\$ 1,369,106	\$ 2,389,441
Investments	225,000	522,086	747,086
Receivables, net of allowance for uncollectibles			
Interest receivable	76	109	185
Taxes	5,062	-	5,062
Other receivable	19,732	-	19,732
Due from other funds	-	11,268	11,268
Due from other governments	38,895	-	38,895
<u>Total assets</u>	<u>\$ 1,309,100</u>	<u>\$ 1,902,569</u>	<u>\$ 3,211,669</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 17,026	\$ -	\$ 17,026
Accrued payroll benefits	5,760	-	5,760
Sales tax payable	2,233	-	2,233
Unearned revenue	217,827	-	217,827
Due to other funds	44,224	-	44,224
<u>Total liabilities</u>	<u>287,070</u>	<u>-</u>	<u>287,070</u>
 <u>FUND BALANCES</u>			
Restricted	-	1,902,569	1,902,569
Unassigned	1,022,030	-	1,022,030
<u>Total fund balances</u>	<u>1,022,030</u>	<u>1,902,569</u>	<u>2,924,599</u>
<u>Total liabilities and fund balances</u>	<u>\$ 1,309,100</u>	<u>\$ 1,902,569</u>	<u>\$ 3,211,669</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total fund balances for governmental funds at
June 30, 2022 \$ 2,924,599

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

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

Those assets consist of:

Land, building, improvements, furniture, fixtures, equipment, and vehicles	\$ 4,567,476	
Less: Accumulated depreciation as of June 30, 2022	<u>(2,576,769)</u>	1,990,707

Prepaid expenses at June 30, 2022 51,289

The deferred outflows of expenditures are not a use of current
resources, and are, therefore, not reported in the funds:

Pension plan	34,505
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The deferred inflows of contributions are not available resources, and
resources, are not reported in the funds:

Pension plan	(27,534)
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General long-term debt of governmental activities is not payable from
current resources and, therefore, not reported in the funds. The debt is:

Net Pension Liability	(87,893)
Compensated absences	<u>(31,860)</u>

Net position at June 30, 2022	<u>\$ 4,853,813</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	GENERAL	SALES TAX	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Taxes	\$ 528,377	\$ 391,629	\$ 920,006
Licenses and permits	67,712	-	67,712
Intergovernmental	75,651	-	75,651
Charges for services	12,458	-	12,458
Fines and forfeits	303,962	-	303,962
Investment income	2,927	1,822	4,749
Miscellaneous	17,698	-	17,698
<u>Total revenues</u>	<u>1,008,785</u>	<u>393,451</u>	<u>1,402,236</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	487,268	3,615	490,883
Street department	122,123	-	122,123
Police department	576,829	-	576,829
Recreation department	16,839	-	16,839
Capital outlay	117,779	-	117,779
<u>Total expenditures</u>	<u>1,320,838</u>	<u>3,615</u>	<u>1,324,453</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(312,053)</u>	<u>389,836</u>	<u>77,783</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from disposition of capital assets	4,103	-	4,103
Transfers in	316,039	-	316,039
Transfers out	(32,430)	(308,691)	(341,121)
<u>Total other financing sources (uses)</u>	<u>287,712</u>	<u>(308,691)</u>	<u>(20,979)</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>(24,341)</u>	<u>81,145</u>	<u>56,804</u>
<u>FUND BALANCES, beginning of year</u>	<u>1,046,371</u>	<u>1,821,424</u>	<u>2,867,795</u>
<u>FUND BALANCES, end of year</u>	<u>\$ 1,022,030</u>	<u>\$ 1,902,569</u>	<u>\$ 2,924,599</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Total net change in fund balances for the year ended June 30, 2022 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	56,804
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 117,779	
Depreciation expense for year ended June 30, 2022	<u>(126,140)</u>	(8,361)
Governmental funds are reported on the modified accrual basis of accounting as opposed to the accrual basis of accounting. Therefore, there are revenue and expenditure accruals in the statement of activities.		
Non-employer Pension Revenue		3,792
Expenses not requiring the use of current financial resources and, therefore, not reported as expenditures in the governmental funds		
Differences between prepaid expenses on modified accrual basis versus accrual basis		2,495
Book value of capital asset disposals		(7,787)
Differences between compensated absences on modified accrual basis versus accrual basis		4,321
Pension Expense		<u>13,253</u>
<u>Total change in net position for the year ended June 30, 2022 per Statement of Activities</u>	<u>\$</u>	<u>64,517</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>ASSETS</u>				
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 668,603	\$ 899,028	\$ 25,864	\$ 1,593,495
Investments	601,135	555,996	87,902	1,245,033
Receivables, net of allowance for uncollectibles				
Accounts	33,680	37,118	9,834	80,632
Interest	-	26	-	26
Other	300	731	-	1,031
Due from other funds	15,508	9,454	7,994	32,956
Prepaid insurance	5,304	15,912	5,304	26,520
<u>Total current assets</u>	<u>1,324,530</u>	<u>1,518,265</u>	<u>136,898</u>	<u>2,979,693</u>
<u>RESTRICTED ASSETS</u>				
Cash	37,119	53,238	-	90,357
Investments	15,140	-	-	15,140
<u>Total restricted assets</u>	<u>52,259</u>	<u>53,238</u>	<u>-</u>	<u>105,497</u>
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	22,907	149,989	853,388	1,026,284
<u>Total property and equipment</u>	<u>22,907</u>	<u>149,989</u>	<u>853,388</u>	<u>1,026,284</u>
<u>Total assets</u>	<u>1,399,696</u>	<u>1,721,492</u>	<u>990,286</u>	<u>4,111,474</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	14,139	25,559	8,935	48,633
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	3,511	18,659	2,748	24,918
Accrued payroll benefits	681	1,312	430	2,423
Due to other governments	-	2,480	-	2,480
<u>Total</u>	<u>4,192</u>	<u>22,451</u>	<u>3,178</u>	<u>29,821</u>

Continued on next page.

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>CURRENT LIABILITIES</u> (from restricted assets)				
Customers' deposits	\$ 52,259	\$ 53,238	\$ -	\$ 105,497
<u>Total</u>	52,259	53,238	-	105,497
<u>Total current liabilities</u>	56,451	75,689	3,178	135,318
<u>NONCURRENT LIABILITIES</u>				
Net pension liability	36,017	65,106	22,761	123,884
Accrued compensated absences	10,729	5,027	2,872	18,628
<u>Total noncurrent liabilities</u>	46,746	70,133	25,633	142,512
<u>Total liabilities</u>	103,197	145,822	28,811	277,830
<u>DEFERRED INFLOWS OF RESOURCES</u>	11,283	20,396	7,130	38,809
<u>NET POSITION</u>				
Net investment in capital assets	22,907	149,989	853,388	1,026,284
Unrestricted	1,276,448	1,430,844	109,892	2,817,184
<u>Total net position</u>	\$ 1,299,355	\$ 1,580,833	\$ 963,280	\$ 3,843,468

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>OPERATING REVENUES</u>				
Charges for services	\$ 287,330	\$ 346,578	\$ 92,185	\$ 726,093
<u>Total operating revenues</u>	<u>287,330</u>	<u>346,578</u>	<u>92,185</u>	<u>726,093</u>
<u>OPERATING EXPENSES</u>				
Personal services	75,136	130,423	43,439	248,998
Contractual services	110,744	-	3,201	113,945
Supplies	3,990	22,020	1,402	27,412
Other expenses	46,788	132,286	47,772	226,846
Depreciation	1,862	22,174	81,647	105,683
<u>Total operating expenses</u>	<u>238,520</u>	<u>306,903</u>	<u>177,461</u>	<u>722,884</u>
<u>OPERATING INCOME (LOSS)</u>	<u>48,810</u>	<u>39,675</u>	<u>(85,276)</u>	<u>3,209</u>
<u>NON-OPERATING REVENUES</u>				
Miscellaneous income	-	7,176	808	7,984
Interest income	3,318	6,117	1,055	10,490
Non-employer pension revenue	1,554	2,809	982	5,345
<u>Total non-operating revenues</u>	<u>4,872</u>	<u>16,102</u>	<u>2,845</u>	<u>23,819</u>
<u>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</u>	<u>53,682</u>	<u>55,777</u>	<u>(82,431)</u>	<u>27,028</u>
<u>OPERATING TRANSFERS IN (OUT)</u>				
Operating transfers in	19,099	15,144	2,051	36,294
Operating transfers out	(6,710)	(3,201)	(1,301)	(11,212)
<u>Total operating transfers in (out)</u>	<u>12,389</u>	<u>11,943</u>	<u>750</u>	<u>25,082</u>
<u>CHANGE IN NET POSITION</u>	<u>66,071</u>	<u>67,720</u>	<u>(81,681)</u>	<u>52,110</u>
<u>NET POSITION, beginning of year</u>	<u>1,233,284</u>	<u>1,513,113</u>	<u>1,044,961</u>	<u>3,791,358</u>
<u>NET POSITION, end of year</u>	<u>\$ 1,299,355</u>	<u>\$ 1,580,833</u>	<u>\$ 963,280</u>	<u>\$ 3,843,468</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL ENTERPRISE FUNDS</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 290,501	\$ 348,129	\$ 94,197	\$ 732,827
Cash payments to suppliers for goods and services	(165,439)	(144,496)	(52,408)	(362,343)
Cash payments to employees for services	(68,524)	(114,514)	(38,864)	(221,902)
<u>Net cash provided by operating activities</u>	<u>56,538</u>	<u>89,119</u>	<u>2,925</u>	<u>148,582</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	10,403	17,771	(60)	28,114
Change in customer meter deposits	(733)	(502)	-	(1,235)
<u>Net cash provided (used) by noncapital financing activities</u>	<u>9,670</u>	<u>17,269</u>	<u>(60)</u>	<u>26,879</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(6,290)	(38,743)	-	(45,033)
<u>Net cash (used) by capital and related financing activities</u>	<u>(6,290)</u>	<u>(38,743)</u>	<u>-</u>	<u>(45,033)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(1,062)	(924)	(203)	(2,189)
Interest on investments	3,318	6,120	1,055	10,493
<u>Net cash provided by investing activities</u>	<u>2,256</u>	<u>5,196</u>	<u>852</u>	<u>8,304</u>
<u>NET INCREASE IN CASH & CASH EQUIVALENTS</u>	<u>62,174</u>	<u>72,841</u>	<u>3,717</u>	<u>138,732</u>
<u>CASH & CASH EQUIVALENTS, July 1, 2021</u>	<u>643,548</u>	<u>879,425</u>	<u>22,147</u>	<u>1,545,120</u>
<u>CASH & CASH EQUIVALENTS, June 30, 2022</u>	<u>\$ 705,722</u>	<u>\$ 952,266</u>	<u>\$ 25,864</u>	<u>\$ 1,683,852</u>

Continued on next page.

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED</u>				
<u>(USED) BY OPERATING</u>				
<u>ACTIVITIES</u>				
Operating income (loss)	<u>\$ 48,810</u>	<u>\$ 39,675</u>	<u>\$ (85,276)</u>	<u>\$ 3,209</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,862	22,174	81,647	105,683
(Increase) decrease in accounts receivable	1,185	(506)	1,202	1,881
(Increase) decrease in other receivable	1,986	2,057	810	4,853
(Increase) decrease in prepaid insurance	199	600	200	999
Increase (decrease) in accounts payable	(4,116)	9,210	(233)	4,861
Increase (decrease) in accrued payroll benefits	148	609	99	856
Increase (decrease) in accrued compensated absences	1,016	411	(53)	1,374
Increase (decrease) in pension expense	5,448	14,889	4,529	24,866
<u>Total adjustments</u>	<u>7,728</u>	<u>49,444</u>	<u>88,201</u>	<u>145,373</u>
 <u>Net cash provided</u> <u>by operating activities</u>	 <u>\$ 56,538</u>	 <u>\$ 89,119</u>	 <u>\$ 2,925</u>	 <u>\$ 148,582</u>

Reconciliation of cash and cash equivalents per statement
of cash flows to the statement of net position:

Cash and cash equivalents, beginning of period		
Cash and cash equivalents-unrestricted		\$ 1,453,528
Cash-restricted		<u>91,592</u>
Total cash and cash equivalents		<u>1,545,120</u>
Cash and cash equivalents, end of period		
Cash and cash equivalents-unrestricted		1,593,495
Cash-restricted		<u>90,357</u>
Total cash and cash equivalents		<u>1,683,852</u>
Net increase		<u>\$ 138,732</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Krotz Springs, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of the Town of Krotz Springs.

A. FINANCIAL REPORTING ENTITY

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 - Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the Town is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Krotz Springs for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

The Town of Krotz Springs is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Krotz Springs, the primary government, as a whole. They include all funds of the reporting entity. 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. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

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

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

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

The Town reports the following major governmental funds:

Governmental Funds

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

Special Revenue Fund

Sales Tax Fund. The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund The Gas Fund accounts for gas services to residents of the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including, but not limited to operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Water Fund The Water Fund accounts for water services to residents of the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including, but not limited to operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION – Continued

FUND FINANCIAL STATEMENTS – Continued

Enterprise Funds – Continued

Sewer Fund

The Sewer Fund accounts for sewer services to the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

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

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

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

PROGRAM REVENUES

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

ALLOCATION OF INDIRECT EXPENSES

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

D. INTERFUND RECEIVABLES AND PAYABLES

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

E. CAPITAL ASSETS

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

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Krotz Springs did not capitalize infrastructure expenditures.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Krotz Springs maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Land improvements	5 - 20 years
Buildings and improvements	10 - 40 years
Equipment	5 - 20 years
Furniture and fixtures	7 - 15 years
Other structures and improvements	5 - 25 years
Water works and gas system	20 - 50 years
Water works furniture and equipment	20 - 50 years
Sewer plant and equipment	10 - 20 years

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. CAPITAL ASSETS – Continued

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

F. BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the uncollectibility of the particular receivable.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts over 90 days old at the end of each fiscal year.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2022 was \$5,117.

G. COMPENSATED ABSENCES

Employees of the Town of Krotz Springs earn vacation and sick leave on a calendar year basis. Unused vacation cannot be carried over from one anniversary date to another, except at the discretion of management. No more than 7 days of sick leave per year can be carried over to the next year. Upon termination or retirement, unused vacation is paid to the employee at the employee's current rate of pay. Upon termination, unused sick leave up to 30 days is paid to the employee at the employee's current rate of pay.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

H. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

I. RESTRICTED ASSETS

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the utility meter deposits.

J. LONG-TERM DEBT

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

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

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. LONG-TERM DEBT – Continued

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

K. REVENUES, EXPENDITURES, AND EXPENSES

Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – By Character
- Proprietary Funds – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

L. EQUITY CLASSIFICATIONS

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. EQUITY CLASSIFICATIONS – Continued

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

1. Restricted – Reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board Members remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

3. Assigned – Reflects the amounts constrained by the Town’s “intent” to be used for specific purposes but are neither restricted nor committed. The members of the Board and the Town Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

4. Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Proprietary fund equity is classified the same as in the government-wide statements.

The Town considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Town would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

M. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE (2) - CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (2) - CASH AND INVESTMENTS – Continued

At year-end, the carrying amount of the Town's cash and investments was \$6,080,552. The bank balance of cash was \$4,128,431 and of investments was \$2,007,259. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 2022 were \$936,749. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer's Office. With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investment in LAMP at June 30, 2022 was \$1,070,510. LAMP is currently rated AAAM by Standard & Poor's Ratings Services.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting balances) must be secured by federal deposit insurance or similar federal security 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 bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The Town does not have a policy for custodial credit risk. As of June 30, 2022, the Town's total bank balances were not fully insured and therefore exposed to custodial credit risk.

Bank balances	\$ 6,135,690
Less: federal deposit insurance	\$ 500,000
Less: Pledged securities	5,635,690
Total FDIC insurance and collateral	\$ 6,135,690

Deposits in the amount of \$5,635,690 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

NOTE (3) - RECEIVABLES

	Governmental Activities	Business- type Activities	Total
Taxes receivable	\$ 5,062	\$ -	\$ 5,062
Accounts	-	80,632	80,632
Accrued interest receivable	185	26	211
Other receivable	19,732	1,031	20,763
<u>Total</u>	<u>\$ 24,979</u>	<u>\$ 81,689</u>	<u>\$ 106,668</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS

The Town participates in two cost-sharing, multiple-employer defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems:

PLAN DESCRIPTIONS

Municipal Employees' Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Town participates in Plan B.

Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2211 and 11:2220.

The systems financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector. A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Highest 60 months	Highest 36 months (1) or highest 60 months (2)
Years of service required and/or age eligible for benefits	30 years at any age 10 years at age 60	25 years at any age 20 years at age 50 12 years at age 55 20 years at any age (3) 30 years at any age (4) 25 years at age 55 (4) 10 years at age 60 (4)
Benefit percent per years of service	2.00%	2.50% - 3.00% (5)

(1) Membership prior to January 1, 2013

(2) Membership commencing January 1, 2013

(3) With actuarial reduced benefits

(4) Under Non Hazardous Duty sub plan commencing January 1, 2013

(5) As of January 1, 2013, Non Hazardous Duty Plan rate is 2.50% and Hazardous Duty Plan rate is 3.00%; Prior to January 1, 2013, rate is 3.33%

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

CONTRIBUTIONS

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected by parishes and MPERS receives a percentage of insurance premium taxes from the state. These entities are not participating employers in the pension systems and are considered to be non-employer contributing entities.

Non-employer contributions for MERS for the years ended June 30, 2022, 2021, and 2020 were \$9,137, \$9,162, and \$7,253, respectively.

The Town of Krotz Springs' employer contributions to MERS for the years ended June 30, 2022, 2021, and 2020 were \$41,511, \$43,621, and \$35,466, respectively, and were equal to the required contribution for each year. The Town of Krotz Springs did not make any employer contributions to MPERS in the years June 30, 2022, 2021, and 2020.

Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2022 for the plans in which the Town is a participating employer were as follows:

Plan	Active Member Contribution Percentage	Employer Contribution Percentage	Amount from Non-employer Contributing Entities	Employer Contributions	Employee Contributions
MERS	5.00%	15.50%	\$ 9,137	\$ 41,511	\$ 13,392
MPERS	10.00%	33.75%	-	-	-
			<u>\$ 9,137</u>	<u>\$ 41,511</u>	<u>\$ 13,392</u>

NET PENSION LIABILITY

At June 30, 2022, the Town's net pension liability is comprised of its proportionate share of the net pension liability related to each of the cost-sharing, multiple-employer plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date, June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the Town's proportion for each plan and the change in proportion from the prior measurement date were as follows:

Plan	Proportionate Share of Net Pension Liability	Proportionate Share (%) of Net Pension Liability	Increase/(Decrease) from Prior Measurement Date
MERS	\$ 211,777	0.365569%	0.036119%
MPERS	-	0.000000%	0.000000%
	<u>\$ 211,777</u>		

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

Since the measurement date of the net pension liability was June 30, 2021, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

MERS – www.mersla.com

MPERS – www.lampers.org

ACTUARIAL ASSUMPTIONS

The following table provides information concerning actuarial assumptions used in the determination of the total net pension liability for each of the retirement plans in which the Town is a participating employer:

	<u>MERS</u>	<u>MPERS</u>
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019
Expected remaining service lives	3	4
Inflation rate	2.50%	2.50%
Projected salary increases	4.90% - 7.4%	4.70% - 12.30%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5), (6)

(1) PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

(2) PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

(3) PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

(4) For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

(5) For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projections using the MP2019 scale.

(6) For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

COST OF LIVING ADJUSTMENTS

The plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA if effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

DISCOUNT RATE

The discount rates used to measure the Town's total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	<u>MERS</u>	<u>MPERS</u>
Discount rate	6.850%	6.750%
Change in discount rate from prior valuation	-0.100%	-0.200%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the discount rate:		
Long-term rate of return	6.85%	6.750%
Periods applied	All	All
Municipal bond rate	N/A	N/A

(1) Plan member contributions will be made at the current contribution rates and sponsor contributions will be made at the actuarially determined rates

The discount rates used to determine the Town's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for each plan in the following tables:

<u>Asset Class</u>	<u>MERS</u>		<u>MPERS</u>	
	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	53.00%	2.31%	55.50%	3.47%
Fixed Income	38.00%	1.65%	30.50%	0.59%
Alternative	9.00%	0.39%	14.00%	1.02%
Total	<u>100.00%</u>	<u>4.35%</u>	<u>100.00%</u>	<u>5.08%</u>
Inflation		<u>2.60%</u>		<u>2.22%</u>
Expected Nominal Return		<u>6.95%</u>		<u>7.30%</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2021, the Town recognized \$58,547 in pension expense related to all retirement plans in which it participates. MERS recognized revenues in the amount of \$9,137 in ad valorem taxes collected from non-employer contributing entities. The pension expense and revenues are summarized by plan in the following table:

<u>Plan</u>	<u>Pension Expense</u>	<u>Revenues</u>
MERS	\$ 58,547	\$ 9,137
MPERS	(12,983)	-
	<u>\$ 45,564</u>	<u>\$ 9,137</u>

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	8,571	-	8,571
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	33,056	-	33,056
Employer contributions subsequent to the measurement date	41,511	-	41,511
Total	<u>\$ 83,138</u>	<u>\$ -</u>	<u>\$ 83,138</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – Continued

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Differences between expected and actual experience	\$ 8,739	\$ -	\$ 8,739
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	57,233	-	57,233
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	371	-	371
Employer contributions subsequent to the measurement date	-	-	-
Total	\$ 66,343	\$ -	\$ 66,343

Deferred outflows of resources of \$41,511 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year ended June 30	MERS	MPERS	Total
2022	\$ 13,102	\$ -	\$ 13,102
2023	(2,862)	-	(2,862)
2024	(14,843)	-	(14,843)
2025	(20,114)	-	(20,114)
Total	\$ (24,717)	\$ -	\$ (24,717)

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the Town's proportionate shares of the net pension liability for each plan, calculated using their respective discount rates, as well as what the Town's proportionate shares of the net pension liability for each plan would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

SENSITIVITY TO CHANGES IN DISCOUNT RATE – Continued

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	6.850%	\$ 324,910	\$ 211,777	\$ 116,088
MPERS	6.750%	-	-	-
Total		\$ 324,910	\$ 211,777	\$ 116,088

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2021 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the pension plan. The differences between expected and actual experience for MERS resulted in a deferred inflow of resources in the amount of \$8,739 for the year ended June 30, 2021.

Changes of Assumptions or Other Inputs: Changes of assumptions about future economic or demographic factors or of other inputs recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs for MERS resulted in a deferred outflow of resources in the amount of \$8,571 for the year ended June 30, 2021.

Differences between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings for MERS resulted in a deferred inflow of resources in the amount of \$57,233 for the year ended June 30, 2021.

Change in Proportion: Change in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion for MERS resulted in a deferred outflow of resources in the amount of \$33,056 and a deferred inflow of resources in the amount of \$371 for the year ended June 30, 2021.

CONTRIBUTIONS – PROPORTIONARE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (4) - RETIREMENT PLANS – Continued

PAYABLES TO THE PENSION PLAN

At June 30, 2022, the Town reported a payable to the Municipal Employees' Retirement System of Louisiana of \$4,245 for the employer's portion of contractually required contributions to the pension plan for the month of June.

ESTIMATES

The preparation of the schedule of employer allocations and the schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results may differ from those estimates.

NOTE (5) - AD VALOREM TAXES

For the year ended June 30, 2022, the Town of Krotz Springs levied a general tax of 8.52 mills, the statutory maximum, on property with assessed valuation totaling \$30,498,770. Total tax levied was \$259,850. Taxes receivable at June 30, 2022 totaled \$8,851, net of the allowance for uncollectible accounts of \$3,789. The Town's ad valorem tax, levied for the calendar year, is due on or before December 31 and becomes delinquent on January 1.

NOTE (6) - ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS

The accounts receivable consists of gas, water and sewer billings uncollected as of June 30, 2022. An accounts receivable aging schedule is as follows:

Days			
Unbilled		\$	19,615
0 - 30			61,584
31 - 60			-
61 - 90			-
91 and older			4,550
<u>Total accounts receivable</u>			85,749
Less: allowance for uncollectible accounts			(5,117)
<u>Net accounts receivable</u>		\$	80,632

NOTE (7) - PROPRIETARY FUNDS – RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for customers' deposits. These assets consist of cash and short-term investments totaling \$105,497.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (8) - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2022, for the Town of Krotz Springs is as follows:

	Balances July 1, 2021	Additions	Disposals	Balances June 30, 2022
Governmental Activities				
Non-depreciable				
Land	\$ 795,247	\$ 40,400	\$ -	\$ 835,647
Depreciable				
Land improvements	640,498	-	-	640,498
Building and improvements	1,609,615	5,200	-	1,614,815
Equipment	656,766	53,052	14,600	695,218
Furniture and fixtures	36,676	9,600	-	46,276
Other structures and improvements	725,495	9,527	-	735,022
<u>Totals at historical cost</u>	<u>4,464,297</u>	<u>117,779</u>	<u>14,600</u>	<u>4,567,476</u>
Less accumulated depreciation				
Land improvements	488,570	28,017	-	516,587
Building and improvements	840,048	43,682	-	883,730
Equipment	472,332	38,157	6,813	503,676
Furniture and fixtures	26,162	2,075	-	28,237
Other structures and improvements	630,330	14,209	-	644,539
<u>Total accumulated depreciation</u>	<u>2,457,442</u>	<u>126,140</u>	<u>6,813</u>	<u>2,576,769</u>
Governmental Activities				
Capital assets, net	<u>\$ 2,006,855</u>	<u>\$ (8,361)</u>	<u>\$ 7,787</u>	<u>\$ 1,990,707</u>
	Balances July 1, 2021	Additions	Disposals	Balances June 30, 2022
Business- type Activities				
Non-depreciable				
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Depreciable				
Waterworks and gas system	2,419,975	34,530	-	2,454,505
Waterworks furniture and equipment	163,719	10,503	-	174,222
Sewer plant and equipment	3,023,790	-	-	3,023,790
<u>Totals at historical cost</u>	<u>5,610,184</u>	<u>45,033</u>	<u>-</u>	<u>5,655,217</u>
Less accumulated depreciation				
Waterworks and gas system	2,321,032	20,859	-	2,341,891
Waterworks furniture and equipment	113,464	3,177	-	116,641
Sewer plant and equipment	2,088,754	81,647	-	2,170,401
<u>Total accumulated depreciation</u>	<u>4,523,250</u>	<u>105,683</u>	<u>-</u>	<u>4,628,933</u>
Business-type Activities				
Capital assets, net	<u>\$ 1,086,934</u>	<u>\$ (60,650)</u>	<u>\$ -</u>	<u>\$ 1,026,284</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (8) - CAPITAL ASSETS -- Continued

Depreciation expense was charged to governmental and business-type activities as follows:

	<u>Governmental</u>
General government	\$ 55,339
Public safety - police	18,836
Public works - streets	37,756
Culture and recreation	14,209
<u>Total</u>	<u>\$ 126,140</u>
	<u>Business-type</u>
Gas	\$ 1,862
Water	22,174
Sewer	81,647
<u>Total</u>	<u>\$ 105,683</u>

NOTE (9) - CHANGES IN LONG-TERM DEBT

Compensated absences payable in the Governmental Activities column relate to General Fund and are paid with General Fund sources. Compensated absences payable in the Business type activities are paid by Gas, Water, & Sewer Funds.

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2022.

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Compensated absences payable at 7/01/21	\$ 36,181	\$ 17,254	\$ 53,435
Increase (decrease)	<u>(4,321)</u>	<u>1,374</u>	<u>(2,947)</u>
Compensated absences payable at 6/30/22	<u>31,860</u>	<u>18,628</u>	<u>50,488</u>
Due within one year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE (10) - INTERFUND RECEIVABLES, PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds" in the fund financial statements. In the government-wide financial statements, interfund receivables and payables are eliminated within the governmental activities and within the business-type activities. All of these accounts are expected to be repaid within one year from the date of the financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (10) - INTERFUND RECEIVABLES, PAYABLES -- Continued

Interfund receivables and payables in the fund financial statements are as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
Governmental Funds		
General Fund	\$ -	\$ 44,224
Sales Tax Fund	11,268	-
Proprietary Funds		
Gas Fund	15,508	-
Water Fund	9,454	-
Sewer Fund	7,994	-
	\$ 44,224	\$ 44,224

NOTE (11) - INTERFUND TRANSFERS

Transfers consisted of the following at June 30, 2022:

	Transfers In	Transfers Out
Major Funds		
Governmental Funds		
General Fund	\$ 316,039	\$ 32,430
Sales Tax Fund	-	308,691
Proprietary Funds		
Gas Fund	19,099	6,710
Water Fund	15,144	3,201
Sewer Fund	2,051	1,301
	\$ 352,333	\$ 352,333

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

NOTE (12) - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year.

NOTE (13) - FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and fund.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

	General Fund	Sales Tax	Total
Fund Balances:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:	-	1,902,569	1,902,569
Committed:	-	-	-
Assigned:	-	-	-
Unassigned:	1,022,030	-	1,022,030
Total fund balances	\$ 1,022,030	\$ 1,902,569	\$ 2,924,599

NOTE (14) - CONTINGENCIES

At June 30, 2022, the Town is involved in one lawsuit. In the opinion of management and/or legal counsel for the Town of Krotz Springs, resolution of this lawsuit will not involve any material liability to the Town of Krotz Springs.

NOTE (15) – RISKS & UNCERTAINTIES

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

NOTE (16) – TAX ABATEMENTS

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). For the year ending June 30, 2022, the Town participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. Taxes abated via the Industrial Tax Exemption Program for the fiscal year ended June 30, 2022 totaled \$73,313.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE (17) – NEW ACCOUNTING PRONOUNCEMENT

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

NOTE (18) – SUBSEQUENT EVENTS

The Town received the second funding of American Rescue Plan funds of \$217,827 from the State of Louisiana in October 2022. This funding was provided by the American Rescue Plan Act established by the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, in an effort to assist governments.

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>REVENUES</u>				
Taxes	\$ 503,084	\$ 502,123	\$ 528,377	\$ 26,254
Licenses and permits	57,650	60,931	67,712	6,781
Intergovernmental	519,750	282,650	75,651	(206,999)
Charges for services	9,748	10,348	12,458	2,110
Fines and forfeits	273,816	294,011	303,962	9,951
Investment income	5,527	3,424	2,927	(497)
Miscellaneous	11,741	12,320	17,698	5,378
<u>Total revenues</u>	<u>1,381,316</u>	<u>1,165,807</u>	<u>1,008,785</u>	<u>(157,022)</u>
<u>EXPENDITURES</u>				
<u>Current operating</u>				
General and administrative	487,101	512,459	487,268	25,191
Street department	147,908	116,794	122,123	(5,329)
Police department	601,832	577,343	576,829	514
Recreation department	4,946	10,134	16,839	(6,705)
Debt service	9,992	-	-	-
Capital outlay	529,377	89,647	117,779	(28,132)
<u>Total expenditures</u>	<u>1,781,156</u>	<u>1,306,377</u>	<u>1,320,838</u>	<u>(14,461)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER (UNDER) EXPENDITURES</u>	<u>(399,840)</u>	<u>(140,570)</u>	<u>(312,053)</u>	<u>(171,483)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from disposition of capital assets	-	-	4,103	4,103
Transfers in	133,500	279,691	316,039	36,348
Transfers out	(38,786)	(22,620)	(32,430)	(9,810)
Inception of capital lease	36,877	-	-	-
<u>Total other financing</u> <u>sources (uses)</u>	<u>131,591</u>	<u>257,071</u>	<u>287,712</u>	<u>30,641</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>(268,249)</u>	<u>116,501</u>	<u>(24,341)</u>	<u>(140,842)</u>
<u>FUND BALANCE, beginning of year</u>	<u>1,046,371</u>	<u>1,046,371</u>	<u>1,046,371</u>	<u>-</u>
<u>FUND BALANCE, end of year</u>	<u>\$ 778,122</u>	<u>\$ 1,162,872</u>	<u>\$ 1,022,030</u>	<u>\$ (140,842)</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2022

	BUDGET		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 383,047	\$ 391,405	\$ 391,629	\$ 224
Investment income				
Interest income	4,064	3,012	1,822	(1,190)
<u>Total revenues</u>	<u>387,111</u>	<u>394,417</u>	<u>393,451</u>	<u>(966)</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Collection fees	4,500	4,000	3,615	385
<u>Total expenditures</u>	<u>4,500</u>	<u>4,000</u>	<u>3,615</u>	<u>385</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	<u>382,611</u>	<u>390,417</u>	<u>389,836</u>	<u>(581)</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(176,740)	(279,691)	(308,691)	(29,000)
<u>Total other financing uses</u>	<u>(176,740)</u>	<u>(279,691)</u>	<u>(308,691)</u>	<u>(29,000)</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>\$ 205,871</u>	<u>\$ 110,726</u>	81,145	<u>\$ (29,581)</u>
<u>FUND BALANCE</u> , beginning of year			<u>1,821,424</u>	
<u>FUND BALANCE</u> , end of year			<u>\$ 1,902,569</u>	

PENSION PLAN SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2022

Schedule for Municipal Employee Retirement System:

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2022	0.365569%	\$ 211,777	\$ 280,944	75.38%	79.14%
2021	0.329450%	298,556	255,310	116.94%	66.26%
2020	0.275113%	240,673	210,314	114.44%	66.14%
2019	0.260182%	220,070	194,375	113.22%	65.60%
2018	0.326744%	282,710	240,713	117.45%	62.49%
2017	0.303795%	251,818	223,195	112.82%	63.34%
2016	0.293065%	199,181	220,960	90.14%	66.18%
2015	0.358330%	165,689	189,016	87.66%	76.49%

Schedule for Municipal Police Employee Retirement System:

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2022	0.000000%	\$ -	\$ -	0.00%	84.09%
2021	0.000000%	-	-	0.00%	70.94%
2020	0.000000%	-	-	0.00%	71.01%
2019	0.000000%	-	-	0.00%	71.89%
2018	0.006713%	58,607	-	0.00%	70.08%
2017	0.009894%	92,735	26,624	348.31%	66.04%

*The amounts presented have a measurement date of the previous fiscal year end.

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule for Municipal Employee Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2022	\$ 41,514	\$ 41,511	\$ 3	\$ 267,830	15.50%
2021	43,546	43,621	(75)	280,944	15.50%
2020	35,743	35,466	277	255,310	14.00%
2019	29,444	29,444	-	210,314	14.00%
2018	25,755	25,548	207	194,375	13.25%
2017	26,434	26,678	(244)	240,713	11.00%
2016	21,204	20,664	540	223,195	9.50%
2015	20,991	20,982	9	220,960	9.50%

Schedule for Municipal Police Employee Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2022	\$ -	\$ -	\$ -	\$ -	0.0%
2021	-	-	-	-	0.0%
2020	-	-	-	-	0.0%
2019	-	-	-	-	0.0%
2018	-	-	-	-	0.0%
2017	6,363	5,863	500	20,040	31.8%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

(1) BUDGETS AND BUDGETARY ACCOUNTING

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

1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) PENSION PLANS

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

(3) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, the following fund had actual expenditures over appropriations:

Fund	Final Budget	Actual	Excess
General Fund	\$ 1,306,377	\$ 1,320,838	\$ (14,461)

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>TAXES</u>			
Property taxes	\$ 267,900	\$ 263,773	\$ (4,127)
Franchise - Electric	233,712	264,093	30,381
Franchise - Cable television	511	511	-
<u>Total taxes</u>	<u>502,123</u>	<u>528,377</u>	<u>26,254</u>
<u>LICENSES AND PERMITS</u>			
Liquor licenses	2,705	2,705	-
Insurance licenses	27,652	33,883	6,231
Occupational licenses	28,874	29,349	475
Building and moving permits	1,700	1,775	75
<u>Total licenses and permits</u>	<u>60,931</u>	<u>67,712</u>	<u>6,781</u>
<u>INTERGOVERNMENTAL</u>			
State beer tax	3,256	3,836	580
Housing authority	2,295	1,995	(300)
Video poker fees	34,528	39,610	5,082
Racino income	24,744	30,210	5,466
Federal grants	217,827	-	(217,827)
<u>Total intergovernmental</u>	<u>282,650</u>	<u>75,651</u>	<u>(206,999)</u>
<u>CHARGES FOR SERVICES</u>			
Building and park rental	9,525	11,675	2,150
Recreation income	50	-	(50)
Library income	773	783	10
<u>Total charges for services</u>	<u>10,348</u>	<u>12,458</u>	<u>2,110</u>
<u>FINES AND FORFEITS</u>			
Court fines	294,011	303,962	9,951
<u>Total fines and forfeits</u>	<u>294,011</u>	<u>303,962</u>	<u>9,951</u>
<u>INVESTMENT INCOME</u>			
Interest income	3,424	2,927	(497)
<u>Total investment income</u>	<u>3,424</u>	<u>2,927</u>	<u>(497)</u>

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>MISCELLANEOUS</u>			
Grass cutting	\$ 5,665	\$ 9,530	\$ 3,865
Other	6,655	8,168	1,513
<u>Total miscellaneous</u>	<u>12,320</u>	<u>17,698</u>	<u>5,378</u>
<u>Total revenues</u>	<u>\$ 1,165,807</u>	<u>\$ 1,008,785</u>	<u>\$ (157,022)</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>GENERAL AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries	\$ 158,210	\$ 158,674	\$ (464)
Mayor and council	40,050	40,975	(925)
Payroll taxes	14,028	13,708	320
Retirement	15,296	19,308	(4,012)
<u>Supplies</u>			
Supplies and postage	82,923	79,180	3,743
Uniforms	5,711	6,695	(984)
<u>Other</u>			
Insurance	52,610	35,720	16,890
Utilities	23,026	21,671	1,355
Conventions and conferences	2,624	5,577	(2,953)
Telephone	23,072	9,988	13,084
Legal and professional	22,015	20,541	1,474
Repairs and maintenance	31,450	34,877	(3,427)
Miscellaneous	21,236	22,025	(789)
Publications and notices	1,109	679	430
Dues and subscriptions	6,179	4,464	1,715
Pest control	1,940	1,480	460
Lease expense	-	950	(950)
Bank charges	-	33	(33)
Tax rolls and election expense	2,814	2,314	500
Coroner fees	5,811	4,942	869
Meals	2,355	3,467	(1,112)
<u>Capital outlay</u>			
Land, equipment and improvements	51,710	64,180	(12,470)
<u>Total general and administrative</u>	<u>\$ 564,169</u>	<u>\$ 551,448</u>	<u>\$ 12,721</u>

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ 13,782	\$ 13,066	\$ 716
Payroll taxes	460	484	(24)
<u>Supplies</u>			
Gasoline	19,604	22,399	(2,795)
Supplies	10,627	11,029	(402)
Uniforms	585	485	100
<u>Other</u>			
Repairs and maintenance	38,711	47,452	(8,741)
Insurance	24,283	20,183	4,100
Telephone	740	660	80
Miscellaneous	166	169	(3)
Meals	427	568	(141)
Utilities	7,409	5,628	1,781
<u>Capital outlay</u>			
Vehicles and equipment	32,691	42,324	(9,633)
<u>Total street department</u>	<u>\$ 149,485</u>	<u>\$ 164,447</u>	<u>\$ (14,962)</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ 338,352	\$ 339,888	\$ (1,536)
Payroll taxes	29,722	29,871	(149)
<u>Supplies</u>			
Office supplies and postage	5,689	4,977	712
Supplies	4,121	8,112	(3,991)
Uniforms	2,730	2,132	598
Gasoline	15,921	17,837	(1,916)
<u>Other</u>			
Insurance	126,180	120,748	5,432
Telephone	5,992	7,081	(1,089)

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>POLICE DEPARTMENT - Continued</u>			
<u>Other - Continued</u>			
Repairs and maintenance	\$ 14,126	\$ 15,106	\$ (980)
Prisoners' meals	337	237	100
Auto expense	11,114	9,389	1,725
Dues and subscriptions	9,503	8,098	1,405
Conventions and conferences	1,185	2,508	(1,323)
Miscellaneous	1,637	1,754	(117)
Legal and professional	7,595	6,375	1,220
Drug testing	438	444	(6)
LA Community Law Enforcement	2,701	2,272	429
<u>Capital outlay</u>			
Equipment	1,020	1,749	(729)
<u>Total police department</u>	<u>\$ 578,363</u>	<u>\$ 578,578</u>	<u>\$ (215)</u>
 <u>RECREATION DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ -	\$ 4,800	\$ (4,800)
<u>Supplies</u>			
Supplies	1,705	2,487	(782)
<u>Other</u>			
Utilities	2,922	2,762	160
Insurance	-	1,785	(1,785)
Accounting and audit	169	138	31
Repairs and maintenance	5,338	4,867	471
<u>Capital outlay</u>			
Equipment	4,226	9,526	(5,300)
<u>Total recreation department</u>	<u>\$ 14,360</u>	<u>\$ 26,365</u>	<u>\$ (12,005)</u>
<u>Total expenditures</u>	<u>\$1,306,377</u>	<u>\$1,320,838</u>	<u>\$ (14,461)</u>

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

GAS FUND

<u>Personal services</u>	
Salaries	\$ 60,153
Payroll taxes	4,558
Compensated absences	1,016
Retirement	9,409
<u>Contractual services</u>	
Gas purchases	110,744
<u>Supplies</u>	
Office supplies and postage	3,990
<u>Other</u>	
Repairs and maintenance	3,818
Insurance	19,291
Miscellaneous	3,726
Legal and professional	7,881
Dues and subscriptions	570
Pipeline fees	2,150
Workshops and training	9,352
<u>Depreciation</u>	<u>1,862</u>
<u>Total gas fund</u>	<u>\$ 238,520</u>

WATER FUND

<u>Personal services</u>	
Salaries	\$ 101,735
Payroll taxes	7,804
Compensated absences	411
Retirement	20,473
<u>Supplies</u>	
Materials and supplies	22,020

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

WATER FUND - Continued

Other

Dues and subscriptions	\$ 2,455
Repairs and maintenance	31,161
Insurance	43,955
Legal and professional	20,642
Utilities	18,361
Miscellaneous	1,993
Water pollution control fee	9,650
Workshops and training	2,045
Uniforms	2,024

Depreciation 22,174

Total water fund \$ 306,903

SEWER FUND

Personal services

Salaries	\$ 32,786
Payroll taxes	2,523
Compensated absences	(53)
Retirement	8,183

Contractual services

Survey expense	3,201
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Supplies

Office supplies and postage	1,402
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Other

Repairs and maintenance	13,228
Insurance	14,420
Legal and professional	6,881
Utilities	11,532
Miscellaneous	145
Uniforms	911
Workshops and training	655

Depreciation 81,647

Total sewer fund \$ 177,461

TOWN OF KROTZ SPRINGS, LOUISIANA
COMBINED SCHEDULE OF INVESTMENTS – ALL FUNDS
JUNE 30, 2022

<u>GENERAL FUND</u>	<u>INTEREST RATES</u>	<u>MATURITY</u>	<u>TOTAL BOOK VALUE</u>
Certificate of Deposit American Bank and Trust Co.	0.40%	1/3/2023	\$ 100,000
Certificate of Deposit American Bank and Trust Co.	0.40%	1/3/2023	50,000
Certificate of Deposit American Bank and Trust Co.	0.45%	12/8/2022	75,000
 <u>SALES TAX FUND</u>			
Certificate of Deposit American Bank and Trust Co.	0.45%	12/8/2022	100,000
Certificate of Deposit American Bank and Trust Co.	0.45%	12/8/2022	150,000
Certificate of Deposit American Bank and Trust Co.	0.45%	12/8/2022	150,000
Investment in Louisiana Asset Management Pool	N/A	N/A	122,086
 <u>ENTERPRISE FUNDS</u>			
Certificate of Deposit American Bank and Trust Co.	0.45%	10/1/2022	15,140
Certificate of Deposit American Bank and Trust Co.	0.45%	9/30/2022	83,190
Certificate of Deposit American Bank and Trust Co.	0.45%	10/1/2022	57,866
Certificate of Deposit American Bank and Trust Co.	0.45%	12/8/2022	96,132
Certificate of Deposit American Bank and Trust Co.	0.45%	9/30/2022	59,421
Investment in Louisiana Asset Management Pool	N/A	N/A	460,079
Investment in Louisiana Asset Management Pool	N/A	N/A	339,400
Investment in Louisiana Asset Management Pool	N/A	N/A	61,043
Investment in Louisiana Asset Management Pool	N/A	N/A	87,902
 <u>Total</u>			 <u>\$ 2,007,259</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
(UNAUDITED)
JUNE 30, 2022

POLICY NUMBER	INSURER	ASSETS COVERED	TYPE OF COVERAGE	LIMITS OF COVERAGE	EFFECTIVE DATES	
					FROM	TO
5X0954823	Employer's Mutual Casualty Company	Blanket policy on building occupied as police station, jail and city hall and contents, and buildings in parks	Commercial Property Coverage	Various	3/14/2022	3/14/2023
70-1148-2022-17808	Louisiana Municipal Risk Management Agency	Workmen's Compensation	Workmen's Compensation	\$500,000	2/1/2022	2/1/2023
LMA2200023	Lane & Associates Inc.	Various autos	Physical damage policy	Various	2/14/2022	2/14/2023
CPS7327366	Lane & Associates Inc.	2006 Volvo EC35 excavator 2012 Case Loader/Backhoe	Physical damage policy	\$89,957	3/16/2022	3/16/2023
100-1148-2021-17827	Louisiana Municipal Risk Management Agency	Various autos	Uninsured motorists, collision, property coverage	\$500,000	3/14/2022	3/14/2023
100-1148-2021-17827	Risk Management Inc.	Law Enforcement Professional Liability	Personal injury & Property damage	\$500,000	3/14/2022	3/14/2023
100-1148-2021-17827	Risk Management Inc.	Public Official's Liability Policy	Errors & Omissions	\$500,000	3/14/2022	3/14/2023
100-1148-2021-17827	Risk Management Inc.	General Liability	Bodily injury & Property damage	\$500,000	3/14/2022	3/14/2023
6AGP000007260600	Nationwide Life Insurance Company	Summer recreation program	Liability policy	\$5,000	4/1/2022	8/1/2022

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY
FOR THE YEAR ENDED JUNE 30, 2022

COMPENSATION TO BOARD MEMBERS

The compensation of the Town of Krotz Springs' governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$1,800 per month and the board members are paid \$250 per month. Board members are also paid \$125 for any special meetings attended.

		<u>COMPENSATION</u>
Carroll Snyder, Mayor	July - June	\$ 21,600
Cynthia Stelly, Alderwoman	July - June	4,200
Nyssa Godwin, Alderwoman	July - June	4,200
Craig Burghdoff, Alderman	July - June	4,375
Keith Ardoin, Alderman	July - June	4,375
Larry Martinez, Alderman	July - June	4,025
		<u>\$ 42,775</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Carroll Snyder, Mayor

Purpose	Amount
Salary	0
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	3,600
Vehicle provided by government	0
Per diem	18,000
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0

TOWN OF KROTZ SPRINGS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING SCHEDULE
AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
JUNE 30, 2022

	First Six Month Period Ended 12/31/21	Second Six Month Period Ended 06/30/2022
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	6,732	4,860
Criminal Fines - Other	162,582	129,787
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	5,616	4,650
Subtotal Collections	174,930	139,297
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
<i>Department of Health & Hospitals, Traumatic Head & Spine Cord Injury Trust Fund, Criminal Court Costs/Fees</i>	3,445	2,380
<i>Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees</i>	1,445	1,090
<i>Louisiana Supreme Court, Criminal Court Costs/Fees</i>	368	278
<i>State of Louisiana, Trial Court Management Information System, Criminal Court Costs/Fees</i>	737	556
<i>St. Landry Crime Stoppers, Criminal Court Costs/Fees</i>	737	556
Less: Amounts Retained by Collecting Agency		
Self Disbursed to Town of Krotz Springs, Criminal Fines, other	162,582	129,787
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	5,616	4,650
Subtotal Disbursements/Retainage	\$ 174,930	\$ 139,297
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained</i>	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-

TOWN OF KROTZ SPRINGS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE-RECEIVING SCHEDULE
AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
JUNE 30, 2022

First Six Month Period Ended 12/31/21	Second Six Month Period Ended 06/30/22
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Receipts From: *(Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)*

<i>27th Judicial District Attorney, Asset Forfeiture/Sale</i>	\$	-	\$	286
<i>Louisiana Department of Public Safety and Corrections, Criminal Court Costs/Fees</i>				612
Subtotal Receipts	\$	612	\$	724

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

-	-
---	---

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

Champagne & Company, LLC

Certified Public Accountants

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

The Honorable Carroll Snyder, Mayor
and Members of the Board of Aldermen
Krotz Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Krotz Springs, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Krotz Springs, Louisiana's basic financial statements, and have issued our report thereon dated December 2, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Krotz Springs, Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 Krotz Springs, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Krotz Springs, Louisiana's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Krotz Springs, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two 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 prior and current year audit findings and management's corrective action plan as items 2022-001 and 2022-002.

Town of Krotz Springs, Louisiana's Response to Findings

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

Purpose of this Report

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

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
December 2, 2022

TOWN OF KROTZ SPRINGS, LOUISIANA

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

I. Prior year Findings:

Internal Control Over Financial Reporting

There were no matters involving the internal control over financial reporting to be reported.

Compliance:

There were no compliance findings to be reported.

Management Letter:

There were no management letter items to be reported.

II. Current Year Findings and Management Corrective Action Plan:

Internal Control Over Financial Reporting

There were no matters involving the internal control over financial reporting to be reported.

Compliance:

2022-001 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred - 6/30/2022

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet the budgeted revenues and other sources by five percent or more. The Town revenues and other sources of the General Fund failed to meet the budgeted revenue by approximately 8.1%

Effect:

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

Cause:

The condition resulted because the Town was not aware that revenue received but not expended should be recorded as unearned revenue resulting in an overstatement of budgeted revenue. Accordingly, the American Rescue Plan Act (ARPA) budgeted revenues were overstated by \$217,827.

(continued)

TOWN OF KROTZ SPRINGS, LOUISIANA

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

Recommendation:

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

Management's Corrective Action Plan:

Mr. Carroll Snyder, Mayor and Mrs. Suzanne Belleau, Town Clerk, are now aware that revenue received not yet expended may be considered unearned revenue and should not be included as budgeted revenue. This will be properly considered in future budgets.

2022-002 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred - 6/30/2022

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual expenditures and other uses plus projected expenditures and other uses are exceeding the total budgeted expenditures and other uses by five percent or more. The Town expenditures and other uses of the Sales Tax Fund exceeded the budgeted expenditures and other uses by approximately 10.0%.

Effect:

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

Cause:

The condition resulted because the Town failed to amend the budget to adjust transfers from the Special Revenue Fund to the General Fund.

Recommendation:

The Town should consider amending the budget to adjust budgeted transfers at the end of the year.

Management's Corrective Action Plan:

Mr. Carroll Snyder, Mayor and Mrs. Suzanne Belleau, Town Clerk, are now aware that budgeted transfers should be amended by the end of the year when actual transfers exceed budgeted transfers. This will be properly considered in future budgets.

Management Letter:

There were no management letter items to be reported.

TOWN OF KROTZ SPRINGS

Krotz Springs, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2022

Champagne & Company, LLC

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Town of Krotz Springs and the Louisiana Legislative Auditor:

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

The Town of Krotz Springs has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

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

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

No exceptions noted.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and do not address how vendors are added to the vendor list.

c) **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and do not address management's actions to determine the completeness of all collections for each type of revenue.

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

No exceptions noted.

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

No exceptions noted.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

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

Written policies and procedures were obtained and do not address documentation requirements and required approvers.

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

No exceptions noted.

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

No exceptions noted.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

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

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

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.

No exceptions noted.

- 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 minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

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

Obtained and reviewed the prior year audit report, noting that general fund did not have a negative unrestricted fund balance.

Bank Reconciliations

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

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

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

No exceptions noted.

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

No exceptions noted.

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

Three accounts did not have documentation reflecting research of reconciling items that have been outstanding for more than 12 months from the statement closing date.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites and management's representation that listing is complete.

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

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

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

No exceptions noted.

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

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

One of the deposits was not made within one business day of receipt at the collection location.

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

No exceptions noted.

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

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

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

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that

the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

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

- 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.

No exceptions noted.

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

No exceptions noted.

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

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

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

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [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.]

For one credit card tested, there was no evidence/supporting documentation that the monthly statement was reviewed and approved in writing by someone other than the authorized card holder.

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

No exceptions noted.

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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). 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.

On one of the credit cards, two of the transactions did not include documentation of the business/public purpose.

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

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

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

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

Three of the reimbursements were more than those rates established by either the State of Louisiana or the U.S. General Services Administration.

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

Travel expenses were reimbursed using a per diem; therefore, this step is not applicable.

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

No exceptions noted.

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

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing or general ledger is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

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

Contracts were not required to be bid in accordance with the Louisiana Public Bid Law; therefore, this step is not applicable.

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

No exceptions noted.

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

There were no amendments to the contracts tested; therefore, this step is not applicable.

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

No exceptions noted.

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/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Salaries/pay rates are not maintained in personnel files.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Salaries/pay rates are not maintained in 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 official's personnel files, and agree the termination payment to entity policy.

Salaries/pay rates are not maintained in the personnel file.

19. Obtain management's representation that employer and employee portion 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.

Employer and employee portions of retirement contributions were not remitted by required deadlines, and reports were not filed by required deadlines.

Ethics

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

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

No exceptions noted.

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

The Town of Krotz Springs did not make changes to the ethics policy during the fiscal period; therefore, this step was not applicable.

Debt Service

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

The Town of Krotz Springs did not issue debt during the fiscal period; therefore, this test was not applicable.

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

The Town of Krotz Springs does not have debt; therefore, this test was not applicable.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Town of Krotz Springs did not have misappropriations of public funds and assets during the fiscal period; therefore, this step is not applicable.

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

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

Sexual Harassment

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

Three of the employees tested did not have at least one hour of sexual harassment training completed during the calendar year.

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

Town of Krotz Springs does not have its sexual harassment policy and complaint procedure on its 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:

The Town of Krotz Springs did not complete the annual sexual harassment report; therefore, steps a-e are exceptions.

- 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.

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

We are required to be independent of The Town of Krotz Springs and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
December 2, 2022

Town of Krotz Springs
Krotz Springs, Louisiana

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

Management's Response to Items:

- | | |
|----------------|---|
| 1b, 1d, 1h, 1i | Management will update policies and procedures to include all missing criteria. |
| 3c | Management will document research for all outstanding items greater than 12 months. |
| 7d | Management will make efforts to deposit funds within one business day of receipt. |
| 12a, 13 | Management will begin documenting the review of the statement. Management will ensure that documentation of business/public purpose is included to support credit card transactions. |
| 14a | Management will begin paying travel reimbursements at the rates established by the State of Louisiana or the U.S. General Services Administration. |
| 16, 17d, 18 | Management will maintain pay rates in personnel files. |
| 19 | Reports and payments were delinquent due to an issue with accessing the retirement portal. This has since been corrected and management is timely submitting reports and payments. |
| 26, 27, 28 | Management will require all employees to complete one hour of sexual harassment training each calendar year. Management will also post its sexual harassment policy and complaint procedures on its website, as well as ensure that the annual sexual harassment report is filed each year. |