

**TOWN OF IOTA, LOUISIANA**

Financial Report

Year Ended June 30, 2022



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## INDEPENDENT AUDITOR'S REPORT

The Honorable Cody Leckelt, Mayor  
and Members of the Board of Aldermen  
Town of Iota, 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 Iota, Louisiana (Town), 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 financial position of the governmental activities, the business-type activities, and each major fund of the Town of Iota, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Iota, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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 Iota, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Iota, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Iota, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information 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 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 this missing information.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iota, Louisiana’s basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is 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 information is 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, as listed in the table of contents, does not include the basic financial statements and our auditor’s 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 material 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 21, 2022, on our consideration of the Town of Iota, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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’s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 21, 2022

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## **BASIC FINANCIAL STATEMENTS**

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

TOWN OF IOTA, LOUISIANA

Statement of Net Position  
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 1,691,370	\$ 87,140	\$ 1,778,510
Receivables, net	113,524	36,375	149,899
Internal balances	(43,920)	43,920	-
Due from other governmental agencies	4,674	-	4,674
Inventory	-	21,329	21,329
Restricted assets:			
Cash and interest-bearing deposits	-	223,520	223,520
Capital assets:			
Non depreciable	43,378	26,844	70,222
Depreciable, net	<u>1,212,923</u>	<u>952,702</u>	<u>2,165,625</u>
Total assets	<u>3,021,949</u>	<u>1,391,830</u>	<u>4,413,779</u>
<b>LIABILITIES</b>			
Accounts and other payables	23,201	44,320	67,521
Customers' deposits	-	116,379	116,379
Long-term liabilities:			
Due within one year	6,620	19,619	26,239
Due in more than one year	<u>567</u>	<u>407,676</u>	<u>408,243</u>
Total liabilities	<u>30,388</u>	<u>587,994</u>	<u>618,382</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,249,114	571,870	1,820,984
Restricted for:			
Sales tax dedications	1,043,047	-	1,043,047
Debt service	-	87,522	87,522
Unrestricted	<u>699,400</u>	<u>144,444</u>	<u>843,844</u>
Total net position	<u>\$ 2,991,561</u>	<u>\$ 803,836</u>	<u>\$ 3,795,397</u>

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

TOWN OF IOTA, LOUISIANA

Statement of Activities  
For the Year Ended June 30, 2022

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges For Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 131,971	\$ 63,514	\$ 265,431	\$ 196,974	\$ -	\$ 196,974
Public safety	216,216	34,037	-	(182,179)	-	(182,179)
Public works	107,212	-	-	(107,212)	-	(107,212)
Culture and recreation	30,993	-	-	(30,993)	-	(30,993)
Interest	442	-	-	(442)	-	(442)
Total governmental activities	<u>486,834</u>	<u>97,551</u>	<u>265,431</u>	<u>(123,852)</u>	<u>-</u>	<u>(123,852)</u>
Business-type activities:						
Gas	297,451	197,776	-	-	(99,675)	(99,675)
Water	277,845	212,813	-	-	(65,032)	(65,032)
Sewer	232,071	154,603	-	-	(77,468)	(77,468)
Interest	20,781	-	-	-	(20,781)	(20,781)
Total business-type activities	<u>828,148</u>	<u>565,192</u>	<u>-</u>	<u>-</u>	<u>(262,956)</u>	<u>(262,956)</u>
Total primary government	<u>\$ 1,314,982</u>	<u>\$ 662,743</u>	<u>\$ 265,431</u>	<u>\$ (123,852)</u>	<u>\$ (262,956)</u>	<u>\$ (386,808)</u>

(continued)

TOWN OF IOTA, LOUISIANA

Statement of Activities (Continued)  
For the Year Ended June 30, 2022

General revenues:			
Taxes -			
Property taxes, levied for general purposes	130,567	-	130,567
Sales and use taxes, levied for general purposes	319,688	-	319,688
Franchise taxes	85,219	-	85,219
Grants and contributions not restricted to specific programs -			
State sources	22,496	-	22,496
Interest and investment earnings	17	11	28
Miscellaneous	11,312	4,309	15,621
Transfers	<u>(95,224)</u>	<u>95,224</u>	<u>-</u>
Total general revenues	<u>474,075</u>	<u>99,544</u>	<u>573,619</u>
Change in net position	350,223	(163,412)	186,811
Net position, beginning	<u>2,641,338</u>	<u>967,248</u>	<u>3,608,586</u>
Net position, ending	<u>\$ 2,991,561</u>	<u>\$ 803,836</u>	<u>\$ 3,795,397</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

TOWN OF IOTA, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2022

	<u>General</u>	<u>Sales Tax</u>	<u>American Rescue Plan Act</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and interest-bearing deposits	\$ 458,679	\$ 967,043	\$ 265,648	\$ 1,691,370
Receivables:				
Taxes	22,302	71,578	-	93,880
Other	19,644	-	-	19,644
Due from other funds	8,155	15,888	-	24,043
Due from other governmental agencies	<u>4,674</u>	<u>-</u>	<u>-</u>	<u>4,674</u>
Total assets	<u>\$ 513,454</u>	<u>\$ 1,054,509</u>	<u>\$ 265,648</u>	<u>\$ 1,833,611</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 11,739	\$ 11,462	\$ -	\$ 23,201
Due to other funds	<u>67,713</u>	<u>-</u>	<u>250</u>	<u>67,963</u>
Total liabilities	<u>79,452</u>	<u>11,462</u>	<u>250</u>	<u>91,164</u>
Fund balances:				
Restricted	-	1,043,047	-	1,043,047
Assigned	372	-	265,398	265,770
Unassigned	<u>433,630</u>	<u>-</u>	<u>-</u>	<u>433,630</u>
Total fund balances	<u>434,002</u>	<u>1,043,047</u>	<u>265,398</u>	<u>1,742,447</u>
 Total liabilities and fund balances	 <u>\$ 513,454</u>	 <u>\$ 1,054,509</u>	 <u>\$ 265,648</u>	 <u>\$ 1,833,611</u>

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

TOWN OF IOTA, LOUISIANA

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

Total fund balances for governmental funds	\$ 1,742,447
Capital assets, net	1,256,301
Long-term liabilities	
Capital lease payable	<u>(7,187)</u>
Total net position of governmental activities	<u>\$ 2,991,561</u>

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

TOWN OF IOTA, LOUISIANA

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

	General	Sales Tax	American Rescue Plan Act	Total
<b>Revenues:</b>				
Taxes	\$ 215,786	\$ 319,688	\$ -	\$ 535,474
Licenses and permits	63,514	-	-	63,514
Intergovernmental revenues	22,496	-	265,431	287,927
Charges for services	4,957	-	-	4,957
Fines and forfeits	29,080	-	-	29,080
Interest	-	17	-	17
Miscellaneous	11,312	-	-	11,312
Total revenues	<u>347,145</u>	<u>319,705</u>	<u>265,431</u>	<u>932,281</u>
<b>Expenditures:</b>				
Current -				
General government	72,625	30,764	33	103,422
Public safety	208,030	-	-	208,030
Public works	61,614	21,371	-	82,985
Culture and recreation	18,079	9,788	-	27,867
Capital outlay	-	25,755	-	25,755
Debt service:				
Principal paid	5,258	-	-	5,258
Interest and fiscal charges	442	-	-	442
Total expenditures	<u>366,048</u>	<u>87,678</u>	<u>33</u>	<u>453,759</u>
Excess (deficiency) of revenues over expenditures	<u>(18,903)</u>	<u>232,027</u>	<u>265,398</u>	<u>478,522</u>
<b>Other financing sources (uses):</b>				
Transfers in	101,755	13,250	-	115,005
Transfers out	<u>(13,250)</u>	<u>(196,979)</u>	<u>-</u>	<u>(210,229)</u>
Total other financing sources (uses)	<u>88,505</u>	<u>(183,729)</u>	<u>-</u>	<u>(95,224)</u>
Net changes in fund balances	69,602	48,298	265,398	383,298
Fund balances, beginning	<u>364,400</u>	<u>994,749</u>	<u>-</u>	<u>1,359,149</u>
Fund balances, ending	<u>\$ 434,002</u>	<u>\$ 1,043,047</u>	<u>\$ 265,398</u>	<u>\$ 1,742,447</u>

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

TOWN OF IOTA, LOUISIANA

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

Net changes in fund balances of governmental funds		\$ 383,298
Capital assets:		
Capital outlay	\$ 25,755	
Depreciation expense	<u>(64,088)</u>	(38,333)
Principal payments on long term debt		<u>5,258</u>
Change in net position of governmental activities		<u>\$ 350,223</u>

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

TOWN OF IOTA, LOUISIANA

Statement of Net Position  
 Proprietary Fund - Enterprise Fund  
 June 30, 2022

ASSETS

Current assets:		
Cash and interest-bearing deposits		\$ 87,140
Receivables -		
Accounts		27,975
Unbilled utility receivables		8,400
Due from other funds		63,036
Inventory		<u>21,329</u>
Total current assets		<u>207,880</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits		223,520
Capital assets -		
Non depreciable		26,844
Depreciable, net		<u>952,702</u>
Total noncurrent assets		<u>1,203,066</u>
Total assets		<u>1,410,946</u>

LIABILITIES

Current liabilities:		
Accounts payable		36,193
Accrued liabilities		8,127
Due to other funds		19,116
Payable from restricted assets -		
Customers' deposits		116,379
Revenue bonds payable		<u>19,619</u>
Total current liabilities		199,434
Noncurrent liabilities:		
Revenue bonds payable		<u>407,676</u>
Total liabilities		<u>607,110</u>

NET POSITION

Net investment in capital assets		571,870
Restricted for debt service		87,522
Unrestricted		<u>144,444</u>
Total net position		<u>\$ 803,836</u>

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

TOWN OF IOTA, LOUISIANA

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

Operating revenues:	
Charges for services	\$ 565,192
Other	<u>4,309</u>
Total operating revenues	<u>569,501</u>
Operating expenses:	
Gas department expense	293,741
Water department expense	207,671
Sewerage department expense	172,226
Depreciation expense	<u>133,729</u>
Total operating expenses	<u>807,367</u>
Operating loss	<u>(237,866)</u>
Nonoperating revenues (expenses):	
Interest income	11
Interest expense	<u>(20,781)</u>
Total nonoperating revenues (expenses)	<u>(20,770)</u>
Loss before transfers	(258,636)
Transfers in	97,023
Transfer out	<u>(1,799)</u>
Change in net position	(163,412)
Net position, beginning	<u>967,248</u>
Net position, ending	<u>\$ 803,836</u>

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

TOWN OF IOTA, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund - Enterprise Fund  
 Year Ended June 30, 2022

Cash flows from operating activities:	
Receipts from customers	\$ 571,906
Payments to suppliers	(373,255)
Payments to employees	(267,122)
Other receipts	<u>6,018</u>
Net cash used by operating activities	<u>(62,453)</u>
Cash flows from noncapital financing activities:	
Cash received from other funds	8,255
Transfers from other funds	97,023
Transfer to other funds	(1,799)
Net increase in customer meter deposits	<u>6,783</u>
Net cash provided by noncapital financing activities	<u>110,262</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds payable	(18,711)
Interest and fiscal charges paid on debt	(20,781)
Acquisition of property, plant and equipment	<u>(6,500)</u>
Net cash used by capital and related financing activities	<u>(45,992)</u>
Cash flows from investing activities:	
Interest on investments	<u>11</u>
Net increase in cash and cash equivalents	1,828
Cash and cash equivalents, beginning of period	<u>308,832</u>
Cash and cash equivalents, end of period	<u>\$ 310,660</u>

(continued)

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

TOWN OF IOTA, LOUISIANA

Statement of Cash Flows (Continued)  
 Proprietary Fund - Enterprise Fund  
 Year Ended June 30, 2022

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (237,866)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	133,729
(Increase) decrease in current assets:	
Accounts receivable	6,714
Other receivables	1,709
Increase (decrease) in current liabilities:	
Accounts payable	25,134
Accrued liabilities	<u>8,127</u>
Total adjustments	<u>175,413</u>
Net cash used by operating activities	<u>\$ (62,453)</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 interest-bearing deposits - unrestricted	\$ 94,159
Cash and interest-bearing deposits - restricted	<u>214,673</u>
Total cash and cash equivalents	<u>308,832</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	87,140
Cash - restricted	<u>223,520</u>
Total cash and cash equivalents	<u>310,660</u>
Net increase	<u>\$ 1,828</u>

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

## TOWN OF IOTA, LOUISIANA

### Notes to the Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The financial statements of the Town of Iota, Louisiana (Town) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The Town of Iota (Town) was incorporated in 1901, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government. The Town provides the following services to its residents as authorized by its charter: public safety, public works, culture and recreation, and general administrative services. The Town also operates an enterprise activity, a combined utilities fund, which provides gas, sewer, and water services.

This report includes all funds that are controlled by or dependent on the Town executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, there are no organizations or agencies which should be included in the basic financial statements as component units.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

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

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

## TOWN OF IOTA, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

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

The major funds of the Town are described below:

#### 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.

##### American Rescue Plan Act Fund –

The American Rescue Plan Act Fund (ARPA) is used to account for the collection and disbursements of federal funds from the American Rescue Plan to provide relief from COVID-19 crisis.

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town of Iota's enterprise fund is the Utility Fund.

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

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

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

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

## TOWN OF IOTA, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### 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.

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on September 1 and are actually billed to taxpayers in November. The taxes are generally collected in December of the current year and January and February of the subsequent year. Property tax revenues are recognized when levied to the extent that they result in current receivables.

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.

#### 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.

#### D. Assets, Liabilities, and Equity

##### Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

## TOWN OF IOTA, LOUISIANA

### Notes to the Basic Financial Statements (Continued)

#### Interfund receivables and payables

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

#### Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible amounts due for customers’ utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers’ utility receivables was \$0. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

#### Inventories

Inventories in the proprietary fund are valued at cost, which approximates market using the first-in/first-out (FIFO) method.

#### Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to October 1, 2002, some governmental funds’ infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

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:

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Buildings and improvements	20-40 years
Machinery and equipment	5-15 years
Infrastructure	10-40 years
Utility systems	5-25 years

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

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 revenue bond accounts and utility meter deposits.

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 debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debts consist primarily of the revenue bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Employees earn a set amount of annual vacation leave depending on years of service. Vacation cannot be accumulated and compensation in lieu of vacation is not paid. Employees earn five days of sick leave each year. Sick leave can be accumulated without limitation. Employees who resign or retire or who are dismissed from employment are not paid for any unused sick leave. Therefore, no provision for compensated absences has been made in the financial statements.

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Equity Classifications

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

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

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

Fund balances of the governmental funds are classified as follows:

*Nonspendable* – amounts that cannot be spent either because they are not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

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

*Committed* – amounts that can be used only for specific purposes determined by a formal decision of the Town's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the board members.

*Assigned* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. Only determined by a formal decision of the Town's Mayor and Board of Aldermen.

*Unassigned* – all other amounts not included in other spendable classifications.

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Fund balances are composed of the following:

	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
General Fund	\$ -	\$ 372	\$ 433,630	\$ 434,002
Sales Tax Fund - Tax dedications	1,043,047	-	-	1,043,047
American Rescue Plan Act Fund	<u>-</u>	<u>265,398</u>	<u>-</u>	<u>265,398</u>
Totals	<u>\$1,043,047</u>	<u>\$ 265,770</u>	<u>\$ 433,630</u>	<u>\$ 1,742,447</u>

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in his commitment or assignment actions.

E. Revenues, Expenditures, and Expenses

Operating 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 Fund - By Operating and Nonoperating

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 purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 9
Gas, water and sewer revenue	Debt service and utility operations

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Interest Expense

Total interest incurred and expensed for the year ending June 30, 2022 for the proprietary fund and business-type activities was \$20,781.

The interest incurred and expensed for the year ended June 30, 2022 for the governmental funds and the governmental activities was \$442.

H. Use of Estimates

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

I. Reclassifications

For comparative purposes, certain accounts in the prior year financial statements have been reclassified in order to conform to the presentation of the current year statements.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana.

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

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. The Town does not have a policy for custodial credit risk; however, under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) are as follows:

Bank balances	<u>\$2,012,585</u>
Deposits are secured as follows:	
Federal deposit insurance	\$ 500,000
Uninsured and collateral held by the pledging bank, not in the Town's name	<u>1,512,585</u>
Total	<u>\$2,012,585</u>

(3) Receivables

Receivables consisted of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 27,975	\$ 27,975
Unbilled utility	-	-	8,400	8,400
Sales tax	-	71,578	-	71,578
Franchise taxes	22,302	-	-	22,302
Other	<u>19,644</u>	<u>-</u>	<u>-</u>	<u>19,644</u>
Totals	<u>\$41,946</u>	<u>\$ 71,578</u>	<u>\$ 36,375</u>	<u>\$ 149,899</u>

(4) Restricted Assets – Enterprise Fund

Restricted assets were applicable to the following:

Revenue bond interest and sinking account	\$ 20,589
Revenue bond reserve account	39,492
Revenue bond depreciation and contingency account	47,060
Customers' deposits	<u>116,379</u>
Total restricted assets	<u>\$ 223,520</u>

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(5) Capital Assets

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

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,128	\$ -	\$ -	\$ 30,128
Construction in progress	<u>-</u>	<u>13,250</u>	<u>-</u>	<u>13,250</u>
Total capital assets not being depreciated	<u>30,128</u>	<u>13,250</u>	<u>-</u>	<u>43,378</u>
Other capital assets:				
Buildings and improvements	1,097,966	-	-	1,097,966
Infrastructure	830,398	-	-	830,398
Machinery and equipment	245,780	12,505	-	258,285
Leased equipment	<u>30,102</u>	<u>-</u>	<u>-</u>	<u>30,102</u>
Total other capital assets	<u>2,204,246</u>	<u>12,505</u>	<u>-</u>	<u>2,216,751</u>
Totals	<u>2,234,374</u>	<u>25,755</u>	<u>-</u>	<u>2,260,129</u>
Less accumulated depreciation				
Buildings and improvements	348,989	30,427	-	379,416
Infrastructure	354,778	17,181	-	371,959
Machinery and equipment	218,414	10,460	-	228,874
Leased equipment	<u>17,559</u>	<u>6,020</u>	<u>-</u>	<u>23,579</u>
Total accumulated depreciation	<u>939,740</u>	<u>64,088</u>	<u>-</u>	<u>1,003,828</u>
Governmental activities, capital assets, net	<u>\$1,294,634</u>	<u>\$ (38,333)</u>	<u>\$ -</u>	<u>\$1,256,301</u>

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 26,844	\$ -	\$ -	\$ 26,844
Construction in progress	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>-</u>
Total capital assets not being depreciated	<u>33,344</u>	<u>-</u>	<u>6,500</u>	<u>26,844</u>
Other capital assets:				
Buildings and improvements	61,618	13,000	-	74,618
Machinery and equipment	125,603	-	-	125,603
Gas and sewer distributions systems	1,942,781	-	-	1,942,781
Water treatment system	<u>2,606,474</u>	<u>-</u>	<u>-</u>	<u>2,606,474</u>
Total other capital assets	<u>4,736,476</u>	<u>13,000</u>	<u>-</u>	<u>4,749,476</u>
Totals	<u>4,769,820</u>	<u>13,000</u>	<u>6,500</u>	<u>4,776,320</u>
Less accumulated depreciation				
Buildings and improvements	52,758	3,093	-	55,851
Machinery and equipment	117,783	5,967	-	123,750
Gas and sewer distributions systems	1,677,744	57,197	-	1,734,941
Water treatment system	<u>1,814,760</u>	<u>67,472</u>	<u>-</u>	<u>1,882,232</u>
Total accumulated depreciation	<u>3,663,045</u>	<u>133,729</u>	<u>-</u>	<u>3,796,774</u>
Business-type activities, capital assets, net	<u>\$1,106,775</u>	<u>\$(120,729)</u>	<u>\$ 6,500</u>	<u>\$ 979,546</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 28,549
Police	8,186
Public works	24,227
Culture and recreation	<u>3,126</u>
Total depreciation expense	<u>\$ 64,088</u>

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

Gas	\$ 3,710
Water	70,174
Sewer	<u>59,845</u>
Total depreciation expense	<u>\$ 133,729</u>

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(6) Accounts and other payables

The accounts and other payables consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$23,201	\$ 36,193	\$ 59,394
Accrued liabilities	<u>-</u>	<u>8,127</u>	<u>8,127</u>
Totals	<u>\$23,201</u>	<u>\$44,320</u>	<u>\$ 67,521</u>

(7) Changes in Long-Term Debt

The following is a summary of long-term debt:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Financing lease	<u>\$ 12,445</u>	<u>\$ -</u>	<u>\$ (5,258)</u>	<u>\$ 7,187</u>	<u>\$ 6,620</u>
Business-type activities:					
Sewer Revenue Bonds, Series 1997A	\$ 384,183	\$ -	\$ (16,119)	\$ 368,064	\$ 16,902
Sewer Revenue Bonds, Series 1997B	<u>61,823</u>	<u>-</u>	<u>(2,592)</u>	<u>59,231</u>	<u>2,717</u>
Total business-type activities	<u>\$446,006</u>	<u>\$ -</u>	<u>\$ (18,711)</u>	<u>\$427,295</u>	<u>\$ 19,619</u>

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Long term debt payable is comprised of the following:

Governmental activities -

Direct borrowing - Financing lease:

\$30,102 lease-purchase agreement date July 10, 2018, due in 60 monthly installment of \$570, including interest at the rate of 5.255 percent through July 10, 2023; secured by vehicle, which is included with capital assets on the statement of net position. \$ 7,187

Business-type activities -

Direct borrowing - Revenue Bonds:

\$603,000 of Sewer Revenue Bonds, Series 1997A, dated April 6, 1998; payable in monthly installments of \$2,835 through April 6, 2038; interest at 4.75%; payable from revenues of the combined utilities system \$ 368,064

\$97,000 of Sewer Revenue Bonds, Series 1997B, dated April 6, 1998; payable in monthly installments of \$456 through April 6, 2038; interest at 4.75%; payable from revenues of the combined utilities system 59,231

Total revenue bonds \$ 427,295

In the event of default on the above debt, the debtholder may take actions as deemed necessary and appropriate as permitted by law to cause the Town to comply with its obligations under the debt and compel performance.

The annual debt service requirements to maturity on the Town's long-term debt is as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities		
	Lease		Revenue Bonds		
	Principal	Interest	Principal	Interest	Total
2023	\$ 6,620	\$ 220	\$ 19,619	\$ 19,873	\$ 46,332
2024	567	3	20,571	18,921	40,062
2025	-	-	21,570	17,922	39,492
2026	-	-	22,618	16,875	39,493
2027	-	-	23,716	15,777	39,493
2028-2032	-	-	137,007	60,454	197,461
2033-2037	-	-	173,651	23,808	197,459
2038	-	-	8,543	55	8,598
	<u>\$ 7,187</u>	<u>\$ 223</u>	<u>\$ 427,295</u>	<u>\$ 173,685</u>	<u>\$ 608,390</u>

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(8) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond indenture on outstanding Sewer Revenue Bonds dated April 6, 1998 all income and revenues (hereinafter referred to as revenue) earned from the operation of the sewer system are to be deposited into an account designated as the Sewer Revenue Account and said account is to be maintained and administered in the following order of priority and for the following purposes:

- A. The payment of all reasonable and necessary expenses of administering, operating, and maintaining the sewer system from an account designated as the Maintenance and Operation Account.
- B. Each month, there shall be set aside into a Sewer Revenue Bond and Interest Sinking Account \$2,835 for payment on the Sewer Revenue Bonds, Series 1997A and \$456 for payment on the Sewer Revenue Bonds, Series, 1997B. Such transfers shall be made on or before the 6<sup>th</sup> day of each month, beginning May 6, 1999, to assure the prompt payment of principal and interest installments as they become due.
- C. Each month, there shall be set aside into a Sewer Revenue Bond Reserve Account an amount constituting 5% of the amounts required to be paid into the aforesaid Sewer Revenue Bond and Interest Sinking Account until such time as there has been accumulated in the account an amount equal to the highest annual debt service payable in any future year (\$39,492).
- D. Funds will be set aside into a Sewer Revenue Bond Depreciation and Contingency Account to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the utilities system. Transfers of \$172 shall be made monthly into this account. Payments will continue as long as bonds are outstanding and the balance in this account shall not be reduced without the permission of the U.S. Department of Rural Development.

All required transfers were made for the year.

(9) Dedication of Proceeds and Flow of Funds - Sales and Use Taxes

- A. Proceeds of the 1967 1% sales and use tax are accounted for in the Sales Tax and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining sewers and sewage disposal works, a natural gas transmission and distribution system, drainage facilities, streets, waterworks, recreational facilities, public parks, public buildings, and fire department stations and equipment, including fire engines, garbage collection, and disposal facilities.

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

B. Proceeds of the 1991 1% sales and use tax are accounted for in the Sales Tax Fund and are dedicated to the following purposes:

1. Constructing, acquiring, improving, maintaining, and operating sewers and sewage disposal works, including the acquisition of land and equipment for such purpose.
2. Constructing, acquiring, improving, maintaining, and operating any work of permanent public improvement.

(10) On-Behalf Payments of Salaries

The Town has recognized \$12,283 as revenue and expenditures for on-behalf salary payments made by the State of Louisiana.

(11) Interfund Transactions

Interfund balances consist of the following:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 8,155	\$ 67,713
Sales Tax Fund	15,888	-
American Rescue Plan Act Fund	-	250
Utility Fund	<u>63,036</u>	<u>19,116</u>
Total	<u>\$ 87,079</u>	<u>\$ 87,079</u>

Transfers are recorded in the year in which they were budgeted. However, the amounts are not always paid in that same year; therefore, causing balances as noted above. These balances are expected to be paid within the next fiscal year.

Transfers consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 101,755	\$ 13,250
Sales Tax Fund	13,250	196,979
Utility Fund	<u>97,023</u>	<u>1,799</u>
Total	<u>\$ 212,028</u>	<u>\$ 212,028</u>

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

TOWN OF IOTA, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(12) Risk Management

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

(13) Litigation and Claims

At June 30, 2022, there is no pending litigation against the Town of Iota.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

TOWN OF IOTA, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 197,275	\$ 214,900	\$ 215,786	\$ 886
Licenses and permits	40,250	42,550	63,514	20,964
Intergovernmental	11,100	12,400	22,496	10,096
Charges for services	7,200	7,650	4,957	(2,693)
Fines and forfeits	9,300	10,325	29,080	18,755
Interest income	35	38	-	(38)
Miscellaneous	3,000	3,350	11,312	7,962
Total revenues	<u>268,160</u>	<u>291,213</u>	<u>347,145</u>	<u>55,932</u>
Expenditures:				
Current -				
General government	66,020	76,060	72,625	3,435
Public safety	122,750	196,719	208,030	(11,311)
Public works	49,850	64,715	61,614	3,101
Culture and recreation	1,200	18,250	18,079	171
Debt service:				
Principal paid	6,450	6,500	5,258	1,242
Interest expense	-	-	442	(442)
Total expenditures	<u>246,270</u>	<u>362,244</u>	<u>366,048</u>	<u>(3,804)</u>
Excess (deficiency) of revenues over expenditures	<u>21,890</u>	<u>(71,031)</u>	<u>(18,903)</u>	<u>52,128</u>
Other financing sources (uses):				
Transfers in	-	-	101,755	101,755
Transfers out	-	-	(13,250)	(13,250)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>88,505</u>	<u>88,505</u>
Net change in fund balance	21,890	(71,031)	69,602	140,633
Fund balance, beginning	<u>364,400</u>	<u>364,400</u>	<u>364,400</u>	<u>-</u>
Fund balance, ending	<u>\$ 386,290</u>	<u>\$ 293,369</u>	<u>\$ 434,002</u>	<u>\$ 140,633</u>

TOWN OF IOTA, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales tax	\$ 200,200	\$ 300,000	\$ 319,688	\$ 19,688
Interest income	200	150	17	(133)
Total revenues	200,400	300,150	319,705	19,555
Expenditures:				
Current -				
General government:	12,300	132,850	30,764	102,086
Public works	-	30,400	21,371	9,029
Culture and recreation	-	22,850	9,788	13,062
Capital outlay	800	13,250	25,755	(12,505)
Total expenditures	13,100	199,350	87,678	111,672
Excess of revenues over expenditures	187,300	100,800	232,027	131,227
Other financing sources (uses):				
Transfers in	-	-	13,250	13,250
Transfers out	(120,000)	(35,600)	(196,979)	(161,379)
Total other financing sources (uses)	(120,000)	(35,600)	(183,729)	(148,129)
Net change in fund balance	67,300	65,200	48,298	(16,902)
Fund balance, beginning	994,749	994,749	994,749	-
Fund balance, ending	\$ 1,062,049	\$ 1,059,949	\$ 1,043,047	\$ (16,902)

TOWN OF IOTA, LOUISIANA  
American Rescue Plan Act Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2022

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 265,431	\$ 265,431
Expenditures:				
Current -				
General government	-	-	33	(33)
Excess (deficiency) of revenues over expenditures	-	-	265,398	265,398
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,398</u>	<u>\$ 265,398</u>

TOWN OF IOTA, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

1. Prior to June 30, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

The General Fund reported excess expenditures over appropriations.

**SUPPLEMENTARY INFORMATION**

TOWN OF IOTA, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
Cody Leckelt, Mayor  
Year Ended June 30, 2022

Salary

\$ 11,400

TOWN OF IOTA, LOUISIANA

Schedule of Compensation  
Board of Alderman  
Year Ended June 30, 2022

Alderman:

James Bertrand	\$ 3,300
Brandon Hebert	3,300
Seth Manuel	3,300
Warren Poussan	3,300
Jude Sittig	<u>3,300</u>
	<u>\$ 16,500</u>

TOWN OF IOTA  
Justice System Funding Schedule - Collecting/Disbursing Entity  
Year Ended June 30, 2022

	First Six Month Period Ended <u>12/31/2021</u>	Second Six Month Period Ended <u>6/30/2022</u>
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections -		
Criminal Court Costs/Fees	3,666	3,540
Criminal Fines - Other	<u>11,163</u>	<u>15,796</u>
Subtotal Collections	<u>14,829</u>	<u>19,336</u>
Less: Disbursements to Governments and Nonprofits -		
Acadiana Criminalistics Laboratory Commissions, Criminal Fees	2,680	2,160
Louisiana Commission on Law Enforcement, Criminal Fines	59	224
Crime Stoppers of Acadia Parish, Criminal Fees	196	226
LA Dept of Health & Hospitals THI/SCI, Criminal Fees	200	280
Louisiana Commission on Law Enforcement - Training Fund, Criminal fees	192	221
Louisiana Commission on Law Enforcement - Reparation Fund, Criminal fees	45	90
Treasurer State of LA CMIS- Criminal Fees	98	113
Louisiana Association of Chiefs of Police, Criminal fees	196	226
Less: Amounts Retained by Collecting Agency		
Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines - other	<u>11,163</u>	<u>15,796</u>
Subtotal Disbursements/Retainage	<u>14,829</u>	<u>19,336</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

## **OTHER INFORMATION**

TOWN OF IOTA, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses  
Years Ended June 30, 2022 and 2021

	Totals		Gas		Water		Sewer	
	2022	2021	2022	2021	2022	2021	2022	2021
Operating revenue:								
Charges for services	\$ 565,192	\$ 548,842	\$ 197,776	\$ 175,437	\$ 212,813	\$ 215,746	\$ 154,603	\$ 157,659
Other	4,309	15,350	1,508	4,907	1,622	6,034	1,179	4,409
Total operating revenues	<u>569,501</u>	<u>564,192</u>	<u>199,284</u>	<u>180,344</u>	<u>214,435</u>	<u>221,780</u>	<u>155,782</u>	<u>162,068</u>
Operating expenses:								
Salaries	241,287	280,203	84,433	89,665	90,852	109,279	66,002	81,259
Payroll taxes	16,718	21,048	5,850	6,735	6,295	8,209	4,573	6,104
Group insurance	17,244	23,403	6,034	7,489	6,493	9,127	4,717	6,787
Utilities and telephone	52,631	39,090	20,564	14,542	19,364	13,923	12,703	10,625
Repairs and maintenance	58,844	65,747	1,599	1,234	13,577	17,989	43,668	46,524
Auto expense	5,619	5,547	1,966	1,775	2,116	2,163	1,537	1,609
Legal and professional	7,627	8,556	2,669	2,738	2,872	3,337	2,086	2,481
Insurance	47,627	46,741	16,666	14,957	17,933	18,229	13,028	13,555
Operating supplies	53,767	53,266	6,163	5,390	33,991	34,170	13,613	13,706
Office supplies and expense	4,609	4,800	1,613	1,536	1,735	1,872	1,261	1,392
Gas purchases	134,096	84,647	134,096	84,647	-	-	-	-
Fuel	18,657	8,096	6,529	2,591	7,025	3,157	5,103	2,348
Uniforms	7,904	8,815	2,766	2,821	2,976	3,438	2,162	2,556
Depreciation	133,729	156,081	3,710	3,275	70,174	80,613	59,845	72,193
Other	7,008	8,269	2,793	2,646	2,442	3,225	1,773	2,398
Total operating expenses	<u>807,367</u>	<u>814,309</u>	<u>297,451</u>	<u>242,041</u>	<u>277,845</u>	<u>308,731</u>	<u>232,071</u>	<u>263,537</u>
Operating loss	<u>\$ (237,866)</u>	<u>\$ (250,117)</u>	<u>\$ (98,167)</u>	<u>\$ (61,697)</u>	<u>\$ (63,410)</u>	<u>\$ (86,951)</u>	<u>\$ (76,289)</u>	<u>\$ (101,469)</u>

TOWN OF IOTA, LOUISIANA

Schedule of Insurance in Force  
(Unaudited)  
June 30, 2022

Insurer/Agent	Coverage Provided For	Risks Covered	Limits of Coverage (in dollars)	Expiration Date
CNA Surety / Western Surety Co./ Williams	Public Employees Position Board	Blanket Bond	\$ 120,000	10/16/2022
	Town Clerk	Blanket Bond	20,000	10/28/2022
	Secretary	Blanket Bond	20,000	11/18/2022
	Mayor	Blanket Bond	20,000	1/1/2023
Parnell-Robinson Insurance Inc.	Municipal employees	Commercial General Liability	500,000	5/1/2023
		Law Enforcement Officer	500,000	5/1/2023
		Linebacker Public Officials & Employment	500,000	5/1/2023
		Automobile Liability	500,000	5/1/2023
		Cybersolutions	500,000	5/1/2023
	Equipment Warehouse	Commerical Property - Building & Contents	128,000	5/1/2023
	Water Plant - Building #1	Commerical Property - Building & Contents	14,000	5/1/2023
	Water Tank - Building #2	Commerical Property - Building	325,000	5/1/2023
	Chlorine Chamber - Building #2	Commerical Property - Building & Contents	80,000	5/1/2023
	Control Room - Building #3	Commerical Property - Building	80,000	5/1/2023
	Wire Box and Equip - Building #4	Commerical Property - Building	50,000	5/1/2023
	Dechlor. Room - Building #5	Commerical Property - Building	85,000	5/1/2023
	Equipment Warehouse - Building #7	Commerical Property - Building	100,000	5/1/2023
	Town Hall	Commerical Property - Building & Contents	810,000	5/1/2023
Water Plant	Commerical Property - Building	365,000	5/1/2023	

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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

The Honorable Cody Leckelt, Mayor  
and Members of the Board of Aldermen  
Town of Iota, 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 Iota, 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 Iota, Louisiana's basic financial statements and have issued our report thereon dated December 21, 2022.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Iota, Louisiana's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Iota, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Iota, 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 no instance of noncompliance that is required to be reported under *Government Auditing Standards*.

## **The Town of Iota, 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 summary schedule of current and prior 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 21, 2022

TOWN OF IOTA, LOUISIANA

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

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Finding Over Financial Reporting

2022-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

CRITERIA: Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework and the Louisiana Legislative Auditor's Governmental Auditing Guide. The COSO model defines internal control as "a process effected by an entity's board of directors, management and other personnel designed to provide reasonable assurance of the achievement of objectives in the following categories: Operational Effectiveness and Efficiency, Financial Reporting Reliability, and Applicable Laws and Regulations Compliance.

CAUSE: The Town does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Management concurs with the audit finding. Due to size of staffing, the achievement of adequate segregation of duties is desirable, but is cost prohibitive. All efforts are given to segregate duties where feasible.

2022-002 Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities in the financial statement preparation process.

CRITERIA: The Town's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial

TOWN OF IOTA, LOUISIANA

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

statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The cause of the condition is the result from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related supporting transactions may reflect a departure from generally accepted accounting principles.

RECOMMENDATION: Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTION ACTION PLAN: We evaluated the cost vs. benefit of establishing controls over financial reporting and determined that it would not be cost effective to enhance these controls. Currently, our financial staff receive annual training related to their job duties. Additionally, we carefully review the financial statements, related notes and all proposed journal entries. All questions are adequately answered by our Auditors to allow us to appropriately supervise these functions. We feel that we have taken appropriate steps to reduce the financial statement risk caused by this finding.

B. Compliance and other matters

None reported.

TOWN OF IOTA, LOUISIANA

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

Part II. Prior Year Findings

A. Internal Control Finding Over Financial Reporting

2021-001 Inadequate Segregation of Accounting Functions

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

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2022-001.

B. Compliance and other matters

2021-002 Budget Violation

CONDITION: The Town exceeded budgeted expenditures by 16.22% in the General Fund.

RECOMMENDATION: The Town should comply with LA R. S. 39:1310 and 39:1311 and amend its budget, as necessary, to reflect changes in operations

CURRENT STATUS: Resolved.

# KOLDER, SLAVEN & COMPANY, LLC

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## MANAGEMENT LETTER

The Honorable Cody Leckelt, Mayor  
and Members of the Board of Aldermen  
Town of Iota, Louisiana

We have completed our audit of the basic financial statements of the Town of Iota, Louisiana for the year ended June 30, 2022, and submit the following recommendation for your consideration:

The Utility Fund experienced operating losses for the gas, water, and sewer departments of \$98,167, \$63,410, and \$76,289 respectively during the current year. The Town should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus.

In conclusion, we express our appreciation to you and your staff, particularly to your office staff for the courtesies and assistance rendered to us during the performance of our audit. Should you have any questions or need assistance in implementing our recommendation, please feel free to contact us.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 21, 2022

**TOWN OF IOTA, LOUISIANA**

Statewide Agreed-Upon Procedures

Fiscal period July 1, 2021 through June 30, 2022

# KOLDER, SLAVEN & COMPANY, LLC

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Cody Leckelt  
Town of Iota  
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. Town of Iota, Louisiana's (the Town) management is responsible for those C/C areas identified in the SAUPs.

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

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

### ***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, 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.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections (excluding EFTs)***

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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).
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 and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

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- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

- a) Observe 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]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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.

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that 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](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe 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.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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- 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.
  - 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.

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

### ***Fraud Notice***

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

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

### ***Sexual Harassment***

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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 that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training 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).

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 that it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

***Findings:***

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No exceptions were found as a result of procedures list above with the exception of:

**Policies and Procedures:**

*The Town does not have policies and procedures addressing how vendors are added to the vendor list.*

*The Town does not have policies and procedures addressing contracting.*

*The Town does not have policies and procedures addressing the approval process for employee pay rates.*

*The Town does not have policies and procedures addressing credit cards.*

*The Town does not have policies addressing ethics, with the exception of the prohibitions as defined in Louisiana Revised Statute 42:1111-1121*

*The Town does not have policies and procedures addressing debt service.*

*The Town does not have policies and procedures addressing Information Technology Disaster/Business Continuity.*

*The Town does not have policies and procedures addressing annual employee training and sexual harassment reporting.*

**Bank Reconciliations:**

*Bank reconciliations are not prepared within two months of statement closing date.*

*Bank reconciliations are not reviewed by management.*

**Cash Collections:**

*The employee collecting cash shares the register/drawer with another employee.*

*The employee responsible for collecting cash is also responsible for making bank deposits.*

*The employee responsible for collecting cash is also responsible for posting general ledger entries.*

*The employee responsible for collecting cash is also responsible for reconciling cash to the general ledger.*

*Four out of the ten cash receipts tested were not deposited within one business day or within a week if less than \$100.*

*Support could not be obtained for two out of the ten cash receipts tested.*

**Disbursements:**

*The employee responsible for signing checks and the employee who processes payments also mails payments.*

**Ethics:**

*Two out of the five employees tested did not complete one hour of ethics training.*

**Sexual Harassment:**

*Sexual harassment report was not prepared on or before February 1.*

*Employees did not complete one hour of sexual harassment training.*

**Management's Response:**

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Management of the Town concurs with the exceptions and are working to address the deficiencies identified.

We were engaged by the Town 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 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Abbeville, Louisiana  
December 21, 2022