

TOWN OF FORDOCHE, LOUISIANA

FINANCIAL STATEMENTS

December 31, 2025

TOWN OF FORDOCHE, LOUISIANA

TABLE OF CONTENTS

December 31, 2025

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditors' Report		1
Management's Discussion and Analysis		4
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A	13
Statement of Activities	A-1	14
Fund Financial Statements:		
Governmental Fund:		
Balance Sheet	A-2	15
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	A-3	16
Statement of Revenues, Expenditures, and Changes in Fund Balance	A-4	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	A-5	18
Proprietary Fund:		
Statement of Net Position	A-6	19
Statement of Revenues, Expenses, and Changes in Proprietary Net Position	A-7	20
Statement of Cash Flows	A-8	21
Notes to Financial Statements	A-9	22
Required Supplementary Information:		
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B	47
Notes to Budgetary Information	B-1	48
Schedule of Proportionate Share of Net Pension Liability	B-2	49

	<u>Exhibit</u>	<u>Page</u>
Schedule of Pension Contributions	B-3	51
Notes to Schedules of Proportionate Share of Net Pension Liability and Schedule of Pension Contributions	B-4	53
Supplementary Information		
Schedule of Compensation, Benefits, and Other Payments to Agency Head	C	55
Act 87 Justice System Funding Schedule – Collecting/ Disbursing Entity	C-1	56
OTHER INDEPENDENT AUDITORS' REPORT		
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		57
Schedule of Findings and Recommendations		59
Schedule of Prior Year Findings and Recommendations		61



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the Town Council,
Town of Fordoche, 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 FORDOCHE, LOUISIANA (TOWN)** as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of December 31, 2025, 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and the *Louisiana Governmental Audit Guide* 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, *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*, 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'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, and budgetary comparison and pension plan information and on pages 47 through 54, 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Act 87 Justice System Funding Schedule – Collecting/Disbursing Entity presented on pages 55 and 56 are for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Act 87 Justice System Funding Schedule – Collecting/Disbursing Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Audit Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 30, 2026

TOWN OF FORDOCHE, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of The Town of Fordoche's (Town) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2025. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. This MD&A should be read in conjunction with the financial statements which begin on Exhibit A.

FINANCIAL HIGHLIGHTS

The major financial highlights for 2025 are as follows:

Government-wide financial statements

- Assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources at the close of the year by \$4.1 million (net position). Of this amount, \$2.3 million (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens.
- The primary government's total net position increased by \$1.7 million during 2025. This is primarily due to an increase in grant funded construction projects for the business-type activities.
- Governmental activities' net position increased by \$39,000.
- Business-type activities' net position increased by \$1,664,000.

General Fund financial statements

- As of the end of the year, governmental funds reported a fund balance of \$663,000, a decrease of \$24,000 in comparison to the prior year. Approximately 98% of the fund balance (\$649,000) is unassigned for purposes of meeting the government's ongoing obligations to citizens and creditors and to be used in future operations and acquisitions of new capital assets that will improve the operations of the Town.

Significant aspects of the Town's financial well-being, as of and for the year ended December 31, 2025, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

The Town's financial statements focus on the government as a whole and on major individual funds. Both government-wide and fund perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Town's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start on page 15. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

The Town's auditor has provided reasonable assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly presented in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance provided for each part of this report.

Reporting on the Town as a Whole

The financial statements of the Town as a whole begin on page 13. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and its activities in a way to determine if the Town is in better condition, compared to the prior year. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Town's net position and related changes. The Town's financial health, or financial position, can be measured by its net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Town's operations are divided into two kinds of activities:

Governmental activities - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, and general administration. Property, sales, and video poker taxes, franchise fees and fines finance most of these activities.

Business-type activities - The Town charges a fee to customers to fund the cost of the water services it provides.

At December 31, 2025, the Town's net position was \$4.1 million, of which \$2.3 million is unrestricted and \$1.8 million was invested in capital assets. Restricted net position is reported separately to show legal constraints from legislation that limits the Town's ability to use that net position for day-to-day operations. There is no restricted net position as of December 31, 2025. The analysis of the primary government focuses on the net position and change in net position of the Town's governmental activities and business-type activities is as follows:

Town of Fordoche, Louisiana Statements of Net Position December 31, 2025 and 2024 (in thousands)						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 676	\$ 690	\$ 1,774	\$ 160	\$ 2,450	\$ 850
Capital assets	<u>844</u>	<u>767</u>	<u>2,553</u>	<u>949</u>	<u>3,397</u>	<u>1,716</u>
Total assets	1,520	1,457	4,327	1,109	5,847	2,566
Deferred outflows of resources	<u>25</u>	<u>44</u>	<u>1</u>	<u>4</u>	<u>26</u>	<u>48</u>
Total assets & deferred outflows of resources	<u>\$ 1,545</u>	<u>\$ 1,501</u>	<u>\$ 4,328</u>	<u>\$ 1,113</u>	<u>\$ 5,873</u>	<u>\$ 2,614</u>
Current and other liabilities	\$ 14	\$ 1	\$ 1,650	\$ 73	\$ 1,664	\$ 74
Long-term liabilities	<u>38</u>	<u>81</u>	<u>5</u>	<u>32</u>	<u>43</u>	<u>113</u>
Total liabilities	<u>52</u>	<u>82</u>	<u>1,655</u>	<u>105</u>	<u>1,707</u>	<u>187</u>
Deferred inflows of resources	<u>38</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>41</u>	<u>5</u>
Net position:						
Net investment in capital assets	844	767	958	949	1,802	1,716
Unrestricted	<u>611</u>	<u>649</u>	<u>1,712</u>	<u>57</u>	<u>2,323</u>	<u>706</u>
Total net position	<u>1,455</u>	<u>1,416</u>	<u>2,670</u>	<u>1,006</u>	<u>4,125</u>	<u>2,422</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,545</u>	<u>\$ 1,501</u>	<u>\$ 4,328</u>	<u>\$ 1,113</u>	<u>\$ 5,873</u>	<u>\$ 2,614</u>

Net position of the Town's governmental activities increased during 2025 by \$39,000. Unrestricted net position, which decreased by \$38,000 during 2025, represents the part of net position that can be used to finance day-to-day operations without constraints established by legislation or other legal requirements. The \$611,000 in unrestricted net position of governmental activities represents the cumulative results of operations since the Town's inception.

The net position of the Town's business activities increased by 165% or \$1,664,000 during 2025 due to investments into their water and sewer systems. The Town operates water services for its citizens.

(Continued)

The results of 2025 and 2024 operations for the primary government as reported in the Statement of Activities, are as follows:

Town of Fordoche Statements of Activities For the years ended December 31, 2025 and 2024 (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program:						
Charges for services	\$ 86	\$ 86	\$ 167	\$ 160	\$ 253	\$ 246
Operating grants	4	8	-	-	4	8
Capital grants	135	290	1,600	242	1,735	532
General:						
Sales taxes	137	141	-	-	137	141
Ad valorem taxes	60	55	-	-	60	55
Video poker taxes	14	18	-	-	14	18
Franchise and other taxes	31	29	-	-	31	29
Investment income and other	23	30	25	4	48	34
Total revenues	490	657	1,792	406	2,282	1,063
Functions/Program Expenses:						
General government	219	170	-	-	219	170
Public safety	60	55	-	-	60	55
Highway and streets	97	65	-	-	97	65
Culture and recreation	75	83	-	-	75	83
Utility operations	-	-	128	164	128	164
Total expenses	451	373	128	164	579	537
Changes in net position	39	284	1,664	242	1,703	526
Beginning net position	1,416	1,132	1,006	764	2,422	1,896
Ending net position	\$ 1,455	\$ 1,416	\$ 2,670	\$ 1,006	\$ 4,125	\$ 2,422

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is on major funds, rather than generic fund types.

Reporting the Town's Most Significant Funds

The analysis of the Town's major funds begins on page 15 with the fund financial statements that provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council establishes other funds to control and manage money for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—governmental and proprietary—use different accounting approaches.

Governmental funds—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the Town's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund, the General Fund, is described in a reconciliation to the financial statements. The governmental major fund (Exhibits A-2 and A-4) presentation is presented using modified accrual basis and focuses on the major funds of the Town. The Town's only governmental fund is the General Fund.

Proprietary funds - When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund (Public Utility Fund) is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Town's budgetary funds.

Financial Analysis of the Government's Funds

The general government operations of the Town are accounted for in the General Fund. The focus of this fund, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources.

Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2025 and 2024:

	<u>General Fund</u>	
	<u>2025</u>	<u>2024</u>
	<u>(in thousands)</u>	
Revenues and other financing sources	\$ 480	\$ 653
Expenditures and other financing uses	<u>504</u>	<u>307</u>
Net change in fund balance	(24)	346
Fund balance - beginning	<u>687</u>	<u>341</u>
Fund balance - ending	<u><u>\$ 663</u></u>	<u><u>\$ 687</u></u>

The Town's General Fund experienced a decrease in fund balance of \$24,000 during 2025 that primarily resulted from a decrease in intergovernmental revenues compared to the prior year. At year end, the fund's balance was \$663,000, of which \$649,000 was unassigned and available for utilization at the Town's discretion.

General Fund revenues, excluding other financing sources, are summarized below:

	2025		2024			
	(In thousands)					
Taxes	\$	243	51%	\$	242	37%
Charges for services		49	10%		55	8%
Licenses and permits		29	6%		26	4%
Fines		7	1%		5	1%
Intergovernmental		129	27%		297	45%
Other		23	5%		28	4%
Total	\$	480	100%	\$	653	100%

Revenues of the General Fund for 2025 totaled approximately \$480,000, representing a decrease of \$172,000, or 26%, compared to the previous year due to a decrease in intergovernmental grant revenues.

As noted on the previous page, the Town's activities are largely supported by taxes and intergovernmental revenues, which represented 78% of total governmental resources during 2025.

Expenditures of the primary government increased by \$197,000 or 64% in 2025, primarily related to increases in general government (\$58,000) due to outsourcing of professional services and capital outlay (\$120,000) due to the Town receiving funding for a new tractor and the park pavilion extension.

Governmental expenditures by functions are summarized as follows:

	<u>2025</u>		<u>2024</u>	
	<u>(In thousands)</u>			
<u>Function</u>				
General government	\$	205 41%	\$	147 48%
Public safety		47 9%		52 17%
Highways and streets		83 16%		52 17%
Culture and recreation		49 10%		56 18%
Capital outlay		<u>120 24%</u>		<u>- -</u>
Total	\$	<u>504 100%</u>	\$	<u>307 100%</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the Town had \$3.4 million invested in a broad range of capital assets, including vehicles, computer equipment, office furniture, land, buildings, water and gas distribution systems, and a sewer treatment facility.

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
	<u>(in thousands)</u>					
Land	\$ 61	\$ 61	\$ 10	\$ 10	\$ 71	\$ 71
Construction in process	-	-	1,911	237	1,911	237
Buildings	643	642	-	-	643	642
Vehicles	20	17	-	-	20	17
Machinery and equipment	114	38	9	10	123	48
Furniture and equipment	6	9	-	-	6	9
Water systems	<u>-</u>	<u>-</u>	<u>624</u>	<u>664</u>	<u>624</u>	<u>664</u>
Capital assets, net of depreciation	<u>\$ 844</u>	<u>\$ 767</u>	<u>\$2,554</u>	<u>\$ 921</u>	<u>\$3,398</u>	<u>\$1,688</u>

The Town elected to capitalize infrastructure assets on a prospective basis as a Phase 3 government, which is permitted by GASB No. 34. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Long-term Debt

At the end of 2025, the Town had \$44,000 in long-term debt obligations, all of which is related to the Town's net pension liability. This represents a decrease of \$69,000 from the prior year. See Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's elected and appointed officials considered many factors when setting the 2026 budget and tax rates. One of those factors is the local economy, with the major economic industries in the surrounding area being agriculture and manufacturing.

Contacting the Town's Financial Management

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show accountability for the money the Town receives. Questions about this report or a need for additional financial information should be directed to the Town's Finance Office at (225) 637-3112 or P.O. Box 10, Fordoche, LA 70732.

BASIC FINANCIAL STATEMENTS

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF NET POSITION

December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 590,179	\$ 209,495	\$ 799,674
Restricted cash:			
Customer utility deposits	-	26,633	26,633
Accounts receivable, net	6,714	11,610	18,324
Due from other governments	64,092	1,521,089	1,585,181
Internal balances	1,315	(1,315)	-
Prepaid assets	14,116	6,290	20,406
Capital assets:			
Nondepreciable	61,450	1,920,740	1,982,190
Depreciable, net	782,098	633,085	1,415,183
Total assets	1,519,964	4,327,627	5,847,591
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	25,073	991	26,064
Total assets and deferred outflows of resources	\$ 1,545,037	\$ 4,328,618	\$ 5,873,655
LIABILITIES			
Accounts payable and accrued liabilities	\$ 11,094	\$ 1,529,963	\$ 1,541,057
Retainage payable	-	74,361	74,361
Due to other governments	2,436	-	2,436
Unearned revenue - grant advances	-	5,769	5,769
Customer prepayment on utility charges	-	13,594	13,594
Customer utility deposits	-	26,633	26,633
Net pension liability	38,615	5,203	43,818
Total liabilities	52,145	1,655,523	1,707,668
DEFERRED INFLOWS OF RESOURCES			
Pension related	38,078	2,553	40,631
Total liabilities and deferred inflows of resources	90,223	1,658,076	1,748,299
NET POSITION			
Net investment in capital assets	843,548	958,375	1,801,923
Unrestricted	611,266	1,712,167	2,323,433
Total net position	1,454,814	2,670,542	4,125,356
Total liabilities, deferred inflows of resources, and net position	\$ 1,545,037	\$ 4,328,618	\$ 5,873,655

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2025

	Program Revenues				Net Revenue (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Primary government:							
Governmental activities:							
General government	\$ 219,083	\$ 29,488	\$ -	\$ -	\$ (189,595)	\$ -	\$ (189,595)
Public safety	60,377	7,361	4,200	110,000	61,184	-	61,184
Highway and streets	96,901	5,081	-	25,000	(66,820)	-	(66,820)
Culture and recreation	74,990	44,402	-	-	(30,588)	-	(30,588)
Health and welfare	199	-	-	-	(199)	-	(199)
Total governmental activities	451,550	86,332	4,200	135,000	(226,018)	-	(226,018)
Business-type activities:							
Utility operations	128,278	166,990	-	1,599,504	-	1,638,216	1,638,216
Total primary government	\$ 579,828	\$ 253,322	\$ 4,200	\$ 1,734,504	(226,018)	1,638,216	1,412,198
General revenues:							
Taxes:							
Sales					136,679	-	136,679
Ad valorem					59,561	-	59,561
Video poker					13,567	-	13,567
Franchise and other					31,697	-	31,697
Investment income and other					23,630	25,708	49,338
Total general revenues					265,134	25,708	290,842
Change in net position					39,116	1,663,924	1,703,040
Net position - beginning of year					1,415,698	1,006,618	2,422,316
Net position - end of year					\$ 1,454,814	\$ 2,670,542	\$ 4,125,356

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA**BALANCE SHEET
GOVERNMENTAL FUND**

December 31, 2025

	General Fund
ASSETS	
Cash and cash equivalents	\$ 590,179
Accounts receivable	6,714
Due from other governments	64,092
Due from other funds	1,315
Prepaid assets	14,116
Total assets	\$ 676,416
LIABILITIES	
Accounts payable and accrued liabilities	\$ 11,094
Due to other governments	2,436
Total liabilities	13,530
FUND BALANCE	
Non-spendable	14,116
Unassigned	648,770
Total fund balance	662,886
Total liabilities and fund balance	\$ 676,416

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2025

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

Total fund balance - governmental fund (Exhibit A-2)	\$	662,886
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental fund, net of accumulated depreciation.		843,548
Pension related obligations are not due and payable with current resources and, therefore, are not reported in governmental funds.		
Deferred outflows related to pension liability	25,073	
Deferred inflows related to pension liability	(38,078)	
Net pension liability	(38,615)	(51,620)
Net position of governmental activities (Exhibit A)	\$	<u>1,454,814</u>

TOWN OF FORDOCHE, LOUISIANA**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND**

For the year ended December 31, 2025

	<u>General Fund</u>
REVENUES	
Taxes:	
Sales and use	\$ 136,679
Ad valorem	59,561
Video poker	13,567
Franchise and other	31,697
Charges for services	49,483
Fines	7,361
License and permits	29,488
Intergovernmental	129,200
Investment income and other	<u>22,971</u>
 Total revenues	 <u>480,007</u>
EXPENDITURES	
Current function:	
General government	205,189
Public safety	46,617
Highways and streets	82,753
Culture and recreation	49,635
Health and welfare	199
Capital outlay	<u>120,061</u>
 Total expenditures	 <u>504,454</u>
 Net change in fund balance	 (24,447)
FUND BALANCE	
Beginning of year	<u>687,333</u>
 End of year	 <u><u>\$ 662,886</u></u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO
THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2025

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

Net change in fund balance - total governmental funds (Exhibit A-4)		\$	(24,447)
The governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.			
Capital outlay	120,061		
Depreciation expense	<u>(53,512)</u>		66,549
The net effect of various transactions involving capital assets, trade-ins, and donations, is to increase net position.			10,000
Changes in net pension obligations are reported only in the Statement of Activities			<u>(12,986)</u>
Change in net position of governmental activities (Exhibit A-1)		\$	<u>39,116</u>

TOWN OF FORDOCHE, LOUISIANA**STATEMENT OF NET POSITION
PROPRIETARY FUND**

December 31, 2025

	Public Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 209,495
Restricted cash - customer utility deposits	26,633
Accounts receivable, net	11,610
Due from other governments	1,521,089
Prepaid expenses	6,290
Total current assets	<u>1,775,117</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	1,920,740
Depreciable, net	633,085
Total noncurrent assets	<u>2,553,825</u>
Total assets	4,328,942
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	<u>991</u>
Total assets and deferred outflows of resources	<u><u>\$ 4,329,933</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,529,963
Retainage payable	74,361
Due to other funds	1,315
Deferred revenue	5,769
Customer prepayment on utility charges	13,594
Customer utility deposits	26,633
Total current liabilities	1,651,635
Non-current liabilities:	
Net pension liability	<u>5,203</u>
Total liabilities	<u>1,656,838</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related	<u>2,553</u>
NET POSITION	
Net investment in capital assets	958,375
Unrestricted	<u>1,712,167</u>
Total net position	<u>2,670,542</u>
Total liabilities, deferred inflows of resources, and net position	<u><u>\$ 4,329,933</u></u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUND

For the year ended December 31, 2025

	Public Utility Fund
OPERATING REVENUES	
Charges for services:	
Water fees	\$ 151,071
Collection fees - Pointe Coupee Parish Government	15,919
Total operating revenues	<u>166,990</u>
OPERATING EXPENSES	
Personnel	22,403
Depreciation	41,134
Maintenance and repairs	31,629
Utilities	18,855
Materials and supplies	11,896
Professional services	2,125
Insurance	236
Total operating expenses	<u>128,278</u>
Operating Income	<u>38,712</u>
NONOPERATING REVENUES	
Capital grants and contributions	1,599,504
Pension revenue	23,348
Interest income	2,360
Total nonoperating, net	<u>1,625,212</u>
Change in net position	1,663,924
NET POSITION	
Beginning of year	<u>1,006,618</u>
End of year	<u><u>\$ 2,670,542</u></u>

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the year ended December 31, 2025

	Public Utility Fund
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 171,017
Payments to suppliers	(83,548)
Payments to employees	(21,604)
Net cash provided by operating activities	65,865
CASH FLOWS FROM INVESTING RELATED ACTIVITIES	
Interest income	2,360
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(50,140)
Capital grants and contributions	78,415
Net cash provided by capital and related financing activities	28,275
Net increase in cash	96,500
CASH	
Beginning of period	139,628
End of period	\$ 236,128
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 38,712
Adjustments for to reconcile operating income to net cash provided by operating activities:	
Depreciation	41,134
Change in operating assets and liabilities:	
Decrease in accounts receivable	3,392
Decrease in prepaids	236
Decrease in accounts payable and accrued liabilities	(18,244)
Increase in meter deposits and utility prepayments	635
Net cash provided by operating activities	\$ 65,865
RECONCILIATION OF CASH AND RESTRICTED CASH	
Cash and cash equivalents	\$ 209,495
Restricted cash - customer utility deposits	26,633
Total cash	\$ 236,128
SUPPLEMENTAL NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisitions of capital assets via accounts and retainage payable	\$ 1,595,450
Capital grant accrual	\$ 1,521,089

Notes on Exhibit A-9 are an integral part of this statement.

TOWN OF FORDOCHE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Fordoche, Louisiana (Town) was incorporated in 1961 and is a political subdivision of the State of Louisiana. The Town, under the provisions of the Lawrason Act, enacts ordinances, sets policy and establishes programs in such fields as public safety, public works, health and welfare, culture and recreation, and utility operations.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant accounting policies established in U.S. GAAP and used by the Town are described below. The Town follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant components in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations,
- Financial statements prepared using accrual basis accounting for all of the Town’s activities.
- Fund financial statements to focus on the major funds.

Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

GASB Statement No. 14, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The criteria for determining which component units should be considered part of the Town for financial reporting purposes are as follows:

- Legal status of the potential component unit including the right to incur its own debt. Levy its own taxes and charges, expropriate property in its own name, sue or be sued, and the right to buy, sell and lease property in its own name;
- Whether the Town governing authority (the Council and/or Mayor) appoints a majority of board members of the potential component unit and is able to impose its will on that organization;
- Fiscal interdependency between the Town and the potential component unit;
- Imposition of will by the Town on the potential component unit; and
- Financial benefit/burden relationship between the Town and the potential component unit.

As required by generally accepted accounting principles, these financial statements present the Town and, where applicable, its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements (individual major funds). The Town's financial statements are prepared in accordance with U.S. GAAP and applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the Town.

Governmental activities generally are financed through taxes, intergovernmental revenues, traffic fines, charges for services, and other nonexchange revenues.

Business type activities are financed in whole or in part by fees charged to external parties for utility services provided. The Town's water services are classified as business-type activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements. The Town does not operate any non-major funds in 2025.

The daily operations of the Town continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or net position, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

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

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types (Continued)

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

Proprietary Fund Types

Enterprise Funds – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs and 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 (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town considers the Public Utility Fund a major enterprise fund.

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Ad valorem (property) taxes are recognized in the year for which they are levied. Program revenues for governmental activities include operating and capital grants, traffic fines, and charges for services.

Fund financial statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in fund balance. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental revenues, are recorded as earned since they are measurable and available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Fund financial statements (Continued)

Nonexchange transactions, in which the Town receives value without directly giving value in return, includes sales tax, ad valorem tax, and intergovernmental grants. Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent after December 31st. The taxes are generally collected in December of the current year and January and February of the following year.

Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time and are subject to the availability criteria. Grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting whereas revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

Cash and Cash Equivalents

Cash and cash equivalents for the Town include the Louisiana Asset Management Pool (LAMP) account deposits as well as the Town's operating cash accounts.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The investment policy of the Town is governed by state statutes that include depository and custodial contract provisions.

The investment policy of the Town is governed by state statutes that include depository and custodial contract provisions. The Town invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town primarily utilizes the LAMP to invest idle funds and records amounts invested at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (Continued)

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 2.

Louisiana Asset Management Pool (LAMP)

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$6,500 in the Public Utility Fund was recorded at December 31, 2025.

Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Interfund Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts. There are no transfers during the year ended December 31, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) 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.

Government-wide Statements

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation. Major capital outlays for capital assets and improvements are capitalized at the completion of construction projects.

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

Prior to the implementation of GASB No. 34, governmental fund's infrastructure assets were not capitalized. The Town has elected to capitalize infrastructure expenditures on a prospective basis.

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:

Buildings and improvements	20 – 40 years
Infrastructure	20 – 40 years
Tractors	5 – 10 years
Furniture and equipment	3 – 10 years
Vehicles	5 – 6 years

Fund Financial Statements

In the fund financial statements capital assets used in governmental fund operations are recorded as capital outlay expenditures of the governmental fund types when purchased. Capital assets used in proprietary fund operations are accounted for in the same manner as in government-wide statements.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Fund Financial Statements (Continued)

The estimated useful lives are as follows:

Buildings and improvements	20 – 40 years
Utility systems	15 – 40 years
Machinery and equipment	3 – 10 years
Furniture and equipment	3 – 10 years
Vehicles	5 – 6 years

Right of Use Assets

Right of use assets are a result of leases in which the Town has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statements net of amortization. Right of use assets are amortized at the lessor of the useful life or lease term. The Town has not entered into any agreements gaining control of the right to use a lessor's nonfinancial assets as described above at December 31, 2025.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. SBITA are amortized during the extent of the agreement. The Town has not entered into any material agreements gaining control of the right to use another party's information technology as described above at December 31, 2025.

Compensated Absences

The Town has the following policy relating to annual leave:

<u>Length of Service</u>	<u>Annual Earned Hourly Allowance</u>
1 - 5 years	80
6 - 9 years	96
10+ years	120

An employee may not carry over or accumulate annual leave from one calendar year to another, therefore a liability has not been accrued in the fund financial statements for annual leave.

Town employees earn up to 40 hours of sick leave each year. Sick leave may be accumulated up to 80 hours, however upon termination or retirement, all unused sick leave will be forfeited.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

The liability for these compensated absences is recorded as long-term liabilities in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources upon termination, resignation, retirement, or death, while the proprietary fund reports the liability as it is incurred. The liquidation of compensated absences is allocated to the functions within governmental funds based on employee assignment. Compensated absences are reported in governmental funds only when they mature.

Governmental Activities and Business-Type Activities Net Position

Governmental activities and business-type activities net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and related debt that was used to acquire those assets.
- Restricted net position – consist of net position that is restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that cannot be spent because they are either in a nonspendable form or they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – amounts that can be used only for specific purposes determined by a formal action by Town council ordinance.
- Assigned – amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- Unassigned – all amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred in government activities that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense to the restricted net position before unrestricted net position is utilized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Resources (Continued)

When an expense is incurred in governmental funds that can be paid using either restricted or unrestricted resources (fund balance), the Town's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Town has one item that qualifies for this category: pension liability, which is reported in the government-wide statement.

In addition to liabilities, the Statement of Net Position, or Balance Sheet, will sometimes report separate sections for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Town's only item that qualifies for this category is pension liability. The amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted to the Mayor and Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year. The Town follows the requirements of Louisiana Local Government Budget Act. The Town is required to adopt its budget prior to December 31. Once adopted, the Mayor is able to transfer part or all of any appropriation within a department of a fund; however, the authority for other budget amendments resides with the Town Council.

The annual operating budget, prepared on the modified accrual basis, covers the General Fund and Public Utility Fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy and Budgetary Accounting (Continued)

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

Sales and Use Tax

The Town has a permanent one cent sales and use tax that is available for general purposes.

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 disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts, net pension liability, and depreciation.

Current Accounting Standards Implemented

Effective January 1, 2025, the Town implemented policies under GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires governments to disclose information about certain concentrations or constraints that make the reporting unit vulnerable to the risk of a substantial impact. These disclosures are required when (1) a concentration or constraint is known to the government prior to the issuance of the financial statements, (2) the concentration or constraint makes the government vulnerable to the risk of a substantial impact, and (3) an event or events associated with the concentration or constraint have occurred, begun to occur, or are more likely than not to begin to occur within 12 months of the financial statement issuance date. This statement has no impact on the Town's financial statements at December 31, 2025.

Current Accounting Standards Scheduled To Be Implemented

GASB Statement No. 103, *Financial Reporting Model Improvements*. This Statement aims to improve key components of the financial reporting model to (a) enhance the effectiveness of the model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues identified. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Town will implement the requirements of this Statement in its financial statement for the year ending December 31, 2026. The effect of this Statement on those financial statements is unknown at this time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Accounting Standards Scheduled To Be Implemented (Continued)

GASB Statement 104, *Disclosure of Certain Capital Assets*. This Statement requires certain type of capital assets to be disclosed separately in the capital asset note disclosures required by Statement No. 34. These assets include leases, Public-Public and Public-Private Partnerships and Availability Payment Arrangements, and subscription-based information technology arrangements. This statement also requires additional disclosures for capital assets held for sale. The Town will include the requirements of this standard, as applicable, in its financial statement for the year ending December 31, 2026.

Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 30, 2026, which was the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments. The Town has investments in LAMP which has a stated interest rate of 3.87% at December 31, 2025.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires public deposits to be secured by federal deposit insurance or the pledge of qualified securities owned by the fiscal agent financial institution. As of December 31, 2025, the Town had no deposits exposed to custodial risk.

As of December 31, 2025, the Town had a balance of \$619,876 invested in LAMP.

LAMP is administered by a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public investments.

NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 73 days as of December 31, 2025.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The government's cash and cash equivalents are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. Cash and cash equivalents consisted of the following as of December 31, 2025:

	Unrestricted	Restricted	Total
LAMP	\$ 619,876	\$ -	\$ 619,876
Deposits	178,444	26,633	205,077
Cash on hand	1,354	-	1,354
Total cash - primary government	<u>\$ 799,674</u>	<u>\$ 26,633</u>	<u>\$ 826,307</u>

NOTE 3 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS

Accounts receivable at December 31, 2025 for the primary government, were as follows:

Primary Government

Utility charges, net	\$ 11,610
Franchise taxes	<u>6,714</u>
Total primary government	<u>\$ 18,324</u>

Due from other governments at December 31, 2025 for the primary government, were:

Primary Government

Grant receivable	\$ 1,521,089
Ad valorem taxes	58,516
Video poker taxes	1,606
Other	<u>3,970</u>
Total primary government	<u>\$ 1,585,181</u>

As of December 31, 2025, the Town has a balance of \$13,594 in customer billing collections that have been paid in advance.

NOTE 4 - AD VALOREM TAXES

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15% of fair market value; and public service properties, excluding land, are to be assessed at 25% of fair market value.

Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All ad valorem (property) taxes are recorded in governmental funds, and as explained in Note 1, and are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are collected by the tax collector and remitted to the Town within the availability period, and are therefore, available to liquidate liabilities of the current period.

NOTE 4 - AD VALOREM TAXES (CONTINUED)

Taxes are levied by the Town in September or October and are billed to the taxpayers in November. Billed taxes become delinquent on December 31st. Revenues from ad valorem taxes are budgeted in the year assessed. Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year.

For 2025, taxes of 12.560 mills were levied on property with assessed valuations totaling \$4,669,480 and were dedicated to general governmental operations. Total taxes levied were \$58,649.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2025, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 61,450	\$ -	\$ -	\$ 61,450
Capital assets being depreciated:				
Buildings and improvements	1,085,200	31,667	-	1,116,867
Tractors and equipment	162,119	88,394	-	250,513
Office furniture and equipment	145,885	-	-	145,885
Vehicles	62,007	10,000	-	72,007
Capital assets being depreciated:	1,455,211	130,061	-	1,585,272
Less accumulated depreciation for:				
Buildings and improvements	443,040	31,251	-	474,291
Tractors and equipment	123,986	13,043	-	137,029
Office furniture and equipment	137,373	2,345	-	139,718
Vehicles	45,263	6,873	-	52,136
Total accumulated depreciation	749,662	53,512	-	803,174
Total capital assets being depreciated, net	705,549	76,549	-	782,098
Total governmental capital assets, net	\$ 766,999	\$ 76,549	\$ -	\$ 843,548

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the Town as follows:

	<u>Amount</u>
Governmental activities:	
Culture and recreation	\$ 25,355
Highways and streets	14,148
General government	7,305
Public safety	<u>6,704</u>
Total depreciation expense - governmental activities	<u>\$ 53,512</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 9,950	\$ -	\$ -	\$ 9,950
Construction in progress	<u>265,200</u>	<u>1,645,590</u>	<u>-</u>	<u>1,910,790</u>
Capital assets not being depreciated:	<u>275,150</u>	<u>1,645,590</u>	<u>-</u>	<u>1,920,740</u>
Capital assets being depreciated:				
Water system	1,655,092	-	-	1,655,092
Tractors and equipment	87,170	-	-	87,170
Office furniture and equipment	1,238	-	-	1,238
Vehicles	<u>23,844</u>	<u>-</u>	<u>-</u>	<u>23,844</u>
Capital assets being depreciated:	<u>1,767,344</u>	<u>-</u>	<u>-</u>	<u>1,767,344</u>
Less accumulated depreciation for:				
Water system	990,894	40,010	-	1,030,904
Tractors and equipment	77,149	1,124	-	78,273
Office furniture and equipment	1,238	-	-	1,238
Vehicles	<u>23,844</u>	<u>-</u>	<u>-</u>	<u>23,844</u>
Total accumulated depreciation	<u>1,093,125</u>	<u>41,134</u>	<u>-</u>	<u>1,134,259</u>
Total capital assets being depreciated, net	<u>674,219</u>	<u>(41,134)</u>	<u>-</u>	<u>633,085</u>
Total business-type capital assets, net	<u>\$ 949,369</u>	<u>\$ 1,604,456</u>	<u>\$ -</u>	<u>\$ 2,553,825</u>

Depreciation expense for business-type activities for 2025 was \$41,134.

NOTE 6 - PENSION PLAN

The Town is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by two public employee retirement systems, the Municipal Employees' Retirement System of Louisiana (MERS) and the Municipal Police Employees' Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each of the Systems issues an annual publicly available financial report that includes financial statements and required supplementary information for the system. These reports may be obtained by writing, calling or downloading the reports as follows:

MERS: 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.mersla.com

MPERS: 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | www.lampers.org

Plan Descriptions:

Municipal Employees' Retirement System of Louisiana (MERS)

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system, and which elect to become members of the System. The Town is a participant in Plan B only.

Municipal Police Employees' Retirement System of Louisiana (MPERS)

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers.

Funding Policy

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll.

NOTE 6 - PENSION PLAN (CONTINUED)

Funding Policy (Continued)

The contribution rates in effect for the year ended December 31, 2025, for the Town and covered employees were as follows:

	<u>Town</u>	<u>Employees</u>
Municipal Employees' Retirement System (Plan B)	13.50%	5.00%
Municipal Police Employees Retirement System		
All employees hired prior to 01/01/2013 and all		
Hazardous Duty employees hired after 01/01/2013	33.475%	10.00%
Non-Hazardous Duty (hired after 01/01/2013)	33.475%	8.00%
Employees receiving compensation below poverty		
guidelines of US Department of Health	38.10%	7.50%

The Town made contributions of \$7,746 and \$10,885 during 2025 and 2024, respectively, to the MERS (Plan B). The Town made contributions of \$856 and \$7,087 during 2025 and 2024, respectively, to the MPERS.

Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources

The following schedule lists the Town's proportionate share of the net pension liability allocated by each of the pension plans based on the June 30, 2025 measurement date. The Town uses this measurement date to record its net pension liability and associated amounts as of December 31, 2025 in accordance with GASB Statement No. 68. The schedule also includes the proportionate share allocation rate used at June 30, 2025 along with the change compared to the June 30, 2024 rate. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	<u>Net Pension Liability at June 30, 2025</u>	<u>Current Measurement Rate</u>	<u>Previous Measurement Rate</u>	<u>Increase (Decrease)</u>
MERS	\$ 26,567	0.055568%	0.090285%	-0.034717%
MPERS	<u>17,251</u>	0.002498%	0.006376%	-0.003878%
Total	<u>\$ 43,818</u>			

NOTE 6 - PENSION PLAN (CONTINUED)

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources
(Continued)**

The following schedule list each pension plan's recognized net pension expense (benefit) of the Town for the year ended December 31, 2025:

	Total
Municipal Police Employees' Retirement System	\$ 6,594
Municipal Employees' Retirement System	(3,899)
Total	<u>\$ 2,695</u>

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 836	\$ 828
Changes of assumptions	-	1,420
Net difference between projected and actual earnings on pension plan investments	-	2,318
Changes in proportion and differences between Employer contributions and proportionate share of contributions	20,166	36,065
Employer contributions subsequent to the measurement date	5,062	-
	<u>\$ 26,064</u>	<u>\$ 40,631</u>

NOTE 6 - PENSION PLAN (CONTINUED)

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources
(Continued)**

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees' Retirement System (Plan B)	\$ 5,062	\$ 13,036
Municipal Police Employees' Retirement Fund	21,002	27,595
Total	<u>\$ 26,064</u>	<u>\$ 40,631</u>

The Town reported \$5,062 as deferred outflow of resources related to pension contributions into MERS made subsequent to the measurement date of June 30, 2025, which will be recognized as a reduction in net pension liability in the year ended December 31, 2026. There were no contributions into MPERS made subsequent to the measurement date of June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense and benefit as follows:

Year	MERS	MPERS	Total
2026	\$ (9,493)	\$ 6,420	\$ (3,073)
2027	(1,675)	(2,966)	(4,641)
2028	(1,314)	(9,478)	(10,792)
2029	(554)	(569)	(1,123)
	<u>\$ (13,036)</u>	<u>\$ (6,593)</u>	<u>\$ (19,629)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 are as follows:

	Valuation Date	Expected Remaining Service Lives	Investment Rate of Return, net
MERS (Plan B)	June 30, 2025	2 years	6.850%
MPERS	June 30, 2025	4 years	6.750%

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The MERS actuarial assumptions used in the June 30, 2025 valuation was based on the results of an experience study, for the period July 1, 2018 through June 30, 2023. The MPERS actuarial assumptions used in the June 30, 2025 valuation was based on the results of an experience study, for the period July 1, 2019 through June 30, 2024.

Mortality:

MERS

PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales for annuitant and beneficiary mortality.

PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales for employee mortality.

PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 for disabled lives mortality.

MPERS

For annuities and beneficiaries, the Pub-2016 public retirement plan mortality table for safety below-median healthy retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP 2021 scale was used.

For disabled lives, the Pub-2016 public retirement plans mortality table for safety disable retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used.

For employees, the Pub-2016 public retirement plans mortality table for safety below-median employees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale was used.

Salary Increases:

MERS

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1- 2	9.50%
>2	4.60%

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Salary Increases (Continued):

MPERS

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	13.00%
>2	4.75%

Cost of Living Adjustments:

MERS

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year.

The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

MPERS

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The following methods used by each of the retirement systems in determining the long-term rate of return on pension plan investments:

MERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 6.85% for the year ended June 30, 2025.

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Cost of Living Adjustments (Continued):

MPERS

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.12% for the year ended June 30, 2025.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025, are summarized in the following table:

Asset Class	Target Allocation		Long - Term Expected Portfolio Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Equity	53.00%	51.00%	2.31%	3.20%
Fixed Income	29.00%	35.00%	1.26%	1.21%
Alternatives	18.00%	14.00%	0.78%	1.04%
Total	100%	100%	4.35%	5.45%
Inflation			2.50%	2.67%
Expected Arithmetic Nominal Return			6.85%	8.12%

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and adjusting for the effect of rebalancing/diversification. The discount rate used to measure the total pension liability for MERS and MPERS was 6.85% and 6.75%, respectively, for the year ended June 30, 2025.

NOTE 6 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

Sensitivity to Changes in Discount Rate

The following table presents the Town's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the retirement systems:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS (Plan B)			
Discount Rates	5.850%	6.850%	7.850%
Share of Net Pension Liability	\$ 45,827	\$ 26,567	\$ 10,284
MPERS			
Discount Rates	5.750%	6.750%	7.750%
Share of Net Pension Liability	\$ 28,298	\$ 17,251	\$ 8,000

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Construction Contracts

As of December 31, 2025, the Town has entered into contract commitments totaling \$4,946,530. The Town's remaining commitment at December 31, 2025 on these contracts is \$4,631,190, of which \$1,521,089 was accrued as accounts payable as of December 31, 2025.

Risk Management

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

Grants

The Town receives federal and state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Town management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

NOTE 8 - ON BEHALF PAYMENTS

The full-time police officers of the police department receive supplemental pay from the State of Louisiana under the provisions of L.R.S. 33:2002. Each full-time police officer after one year of service and completion of the academy, received \$600 per month. These supplemental state funds are paid directly to the police officers and only began passing through the police department in July 2024, they are included in total salaries and as revenue. As of December 31, 2025, the total amount received by the qualified full-time police officers was \$4,200.

NOTE 9 - COMPENSATION OF GOVERNING BODY

During 2025, Council members received compensation as follows:

	Amount
Cody Gros	\$ 600
Beth LaCombe	600
Kirk LaCombe	600
Tori Robillard	600
Don Sonnier	600
Total	<u>\$ 3,000</u>

TOWN OF FORDOCHE, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION

**TOWN OF FORDOCHE, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL**

For the year ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Taxes:				
Sales and use	\$ 115,000	\$ 115,000	\$ 136,679	\$ 21,679
Ad valorem	55,000	55,000	59,561	4,561
Video poker	15,000	15,000	13,567	(1,433)
Franchise and other	30,000	30,000	31,697	1,697
Charges for services	45,249	45,249	49,483	4,234
Fines	12,100	12,100	7,361	(4,739)
License and permits	27,930	27,930	29,488	1,558
Intergovernmental	7,300	132,300	129,200	(3,100)
Investment income and other	20,625	45,625	22,971	(22,654)
	<u>328,204</u>	<u>478,204</u>	<u>480,007</u>	<u>1,803</u>
EXPENDITURES				
Current function:				
General government	184,635	184,635	205,189	(20,554)
Public safety	48,122	48,122	46,617	1,505
Highways and streets	41,100	41,100	82,753	(41,653)
Culture and recreation	39,082	39,082	49,635	(10,553)
Health and welfare	800	800	199	601
Capital outlay	4,000	122,500	120,061	2,439
	<u>317,739</u>	<u>436,239</u>	<u>504,454</u>	<u>(68,215)</u>
Net change in fund balance	10,465	41,965	(24,447)	(66,412)
FUND BALANCE				
Beginning of year	<u>384,199</u>	<u>687,333</u>	<u>687,333</u>	<u>-</u>
End of year	<u>\$ 394,664</u>	<u>\$ 729,298</u>	<u>\$ 662,886</u>	<u>\$ (66,412)</u>

TOWN OF FORDOCHE, LOUISIANA

NOTES TO BUDGETARY INFORMATION

For the year ended December 31, 2025

NOTE 1 - BUDGET

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted to the Mayor and Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year. The Town follows the requirements of Louisiana Local Government Budget Act. The Town is required to adopt its budget prior to December 31. Once adopted, the Mayor is able to transfer part or all of any appropriation within a department of a fund; however, the authority for other budget amendments resides with the Town Council.

The annual operating budget, prepared on the modified accrual basis, covers the General Fund and Public Utility Fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

Expenditures Exceeding Appropriations

Excess of expenditures over appropriations in function within the fund occurred are as follows:

	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Excess Over Budget</u>
General Fund:			
Current function:			
General government	\$ 184,635	\$ 205,189	\$ (20,554)
Highways and streets	41,100	82,753	(41,653)
Culture and recreation	39,082	49,635	(10,553)

The excess expenditures were covered by available fund balance within the fund.

TOWN OF FORDOCHE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2025 (*)

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS (Plan B)					
2025	0.0556%	\$ 26,567	\$ 51,210	51.879%	84.910%
2024	0.0903%	54,783	76,279	71.819%	80.100%
2023	0.0927%	74,306	79,702	93.230%	73.250%
2022	0.0957%	84,054	73,547	114.286%	69.760%
2021	0.0949%	54,949	72,899	75.377%	79.140%
2020	0.0941%	85,263	74,506	114.438%	66.260%
2019	0.0936%	81,895	73,350	111.650%	66.140%
2018	0.0918%	77,655	70,136	110.721%	65.600%
2017	0.0881%	76,236	65,554	116.295%	63.500%
2016	0.0840%	69,605	61,191	113.750%	63.300%

(*) The amounts presented have a measurement date of June 30 for the year listed.

MERS = Municipal Employees' Retirement System

See the accompanying notes to the required supplementary information.

TOWN OF FORDOCHE, LOUISIANA

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

FOR THE YEAR ENDED DECEMBER 31, 2025 (*) (1)

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MPERS					
2025	0.0025%	\$ 17,251	\$ 11,238	153.506%	81.941%
2024	0.0064%	57,766	22,477	257.000%	75.840%
2023	0.0031%	33,185	49,879	66.531%	73.250%

(*) The amounts presented have a measurement date of June 30 for the year listed.

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

MPERS = Municipal Police Employees' Retirement System

See the accompanying notes to the required supplementary information.

TOWN OF FORDOCHE, LOUISIANA

SCHEDULE OF PENSION CONTRIBUTIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
<u>MERS (Plan B)</u>					
2025	\$ 7,746	\$ 7,746	\$ -	\$ 56,862	13.622%
2024	10,885	10,885	-	73,015	14.908%
2023	12,910	12,910	-	72,608	17.780%
2022	12,252	12,252	-	78,832	15.542%
2021	11,373	11,373	-	75,940	14.976%
2020	10,431	10,208	223	74,506	13.701%
2019	10,269	10,019	250	73,350	13.659%
2018	9,293	9,015	278	70,136	12.854%
2017	7,211	7,194	17	65,554	10.974%
2016	5,861	5,861	-	61,691	9.501%

MERS = Municipal Employees' Retirement System

See the accompanying notes to the required supplementary information.

TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025 (1)

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
<u>MPERS</u>					
2025	\$ 856	\$ 856	\$ -	\$ 1,873	45.702%
2024	7,087	7,087	-	20,604	34.396%
2023	7,149	7,149	-	21,877	32.678%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

MPERS = Municipal Police Employees' Retirement System

See the accompanying notes to the required supplementary information.

TOWN OF FORDOCHE, LOUISIANA

NOTES TO SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS

For the year ended December 31, 2025

NOTE 1 - NET PENSION LIABILITY

Municipal Employees' Retirement System (Plan B):

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used in each measurement of net pension liability (asset):

Measurement Date	Discount Rate		Inflation Rate		Expected Remaining Service Lives
	Rate	Change	Rate	Change	
6/30/2025	6.850%	0.000%	2.500%	0.000%	2
6/30/2024	6.850%	0.000%	2.500%	0.000%	3
6/30/2023	6.850%	0.000%	2.500%	0.000%	3
6/30/2022	6.850%	-0.100%	2.500%	0.000%	3
6/30/2021	6.950%	-0.050%	2.500%	0.000%	3
6/30/2020	7.000%	-0.280%	2.500%	-0.100%	3
6/30/2019	7.280%	-0.120%	2.600%	-0.180%	3
6/30/2018	7.400%	-0.100%	2.780%	-0.100%	4
6/30/2017	7.500%	0.000%	2.880%	0.000%	4
6/30/2016	7.500%		2.880%		4

Measurement Date	Investment Rate of Return		Salary Increases	
	Rate	Change	Rate	Change
6/30/2025	6.850%	0.000%	4.600%	0.000%
6/30/2024	6.850%	0.000%	4.600%	-0.300%
6/30/2023	6.850%	0.000%	4.900%	0.000%
6/30/2022	6.850%	-0.100%	4.900%	0.000%
6/30/2021	6.950%	-0.050%	4.900%	0.000%
6/30/2020	7.000%	-0.280%	4.900%	-0.100%
6/30/2019	7.280%	-0.120%	5.000%	0.000%
6/30/2018	7.400%	-0.100%	5.000%	0.000%
6/30/2017	7.500%	0.000%	5.000%	0.000%
6/30/2016	7.500%		5.000%	

NOTE 1 - NET PENSION LIABILITY (CONTINUED)

Municipal Police Employees' Retirement System:

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used in each measurement of net pension liability (asset):

<u>Measurement Date</u>	<u>Discount Rate</u>		<u>Inflation Rate</u>		<u>Expected Remaining Service Lives</u>
	<u>Rate</u>	<u>Change</u>	<u>Rate</u>	<u>Change</u>	
6/30/2025	6.750%	0.000%	2.500%	0.000%	4
6/30/2024	6.750%	0.000%	2.500%	0.000%	3
6/30/2023	6.750%	0.000%	2.500%	0.000%	3
6/30/2022	6.750%	0.000%	2.500%	0.000%	3
6/30/2021	6.750%	-0.200%	2.500%	-0.050%	3
6/30/2020	6.950%	-0.175%	2.550%	-0.200%	3
6/30/2019	7.125%	-0.075%	2.750%	0.000%	3
6/30/2018	7.200%	-0.125%	2.750%	0.000%	4
6/30/2017	7.325%	-0.175%	2.750%	0.000%	4
6/30/2016	7.500%		2.750%		4

<u>Measurement Date</u>	<u>Investment Rate of Return</u>		<u>Salary Increases</u>	
	<u>Rate</u>	<u>Change</u>	<u>Rate</u>	<u>Change</u>
6/30/2025	6.750%	0.000%	2.500%	0.000%
6/30/2024	6.750%	-1.150%	2.500%	0.000%
6/30/2023	7.900%	1.150%	2.500%	0.000%
6/30/2022	6.750%	0.000%	2.500%	0.000%
6/30/2021	6.750%	-0.200%	2.500%	-0.050%
6/30/2020	6.950%	-0.175%	2.550%	-0.200%
6/30/2019	7.125%	-0.075%	2.750%	0.000%
6/30/2018	7.200%	-0.125%	2.750%	0.000%
6/30/2017	7.325%	-0.175%	2.750%	0.000%
6/30/2016	7.500%		2.750%	

TOWN OF FORDOCHE, LOUISIANA

SUPPLEMENTARY INFORMATION

TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD

For the year ended December 31, 2025

Agency Head: Mayor Teddy Gros

Purpose	Amount
Salary	\$ 6,000

TOWN OF FORDOCHE, LOUISIANA
ACT 87 JUSTICE SYSTEM FUNDING SCHEDULE -
COLLECTING/DISBURSING ENTITY

For the year ended December 31, 2025

	First Six Month Period Ending, June 30, 2025	Second Six Month Period Ending, December 31, 2025
BEGINNING BALANCE OF AMOUNTS COLLECTED	\$ -	\$ -
COLLECTIONS:		
Criminal Fines - Other	2,216	5,032
Court Costs	88	25
TOTAL COLLECTIONS:	<u>2,304</u>	<u>5,057</u>
DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:		
Louisiana Supreme Court	2	13
Capital District Law Enforcement, Traffic fines	28	45
CMIS, Traffic fines	-	23
LA Dept of Health & Hospitals THI/SCI - Criminal fines	-	90
TOTAL DISBURSEMENTS	<u>30</u>	<u>171</u>
AMOUNTS RETAINED BY COLLECTING AGENCY:		
Town of Fordoche, Collections	-	-
AMOUNT "SELF-DISBURSED" TO COLLECTING AGENCY	<u>2,274</u>	<u>4,886</u>
TOTAL DISBURSEMENTS / RETAINAGE	<u>2,304</u>	<u>5,057</u>
TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED	<u>\$ -</u>	<u>\$ -</u>

TOWN OF FORDOCHE, LOUISIANA

**OTHER INDEPENDENT AUDITORS' REPORT REQUIRED BY
*GOVERNMENTAL AUDITING STANDARDS***

For the year ended December 31, 2025



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

The Honorable Mayor and
Members of the Town Council,
Town of Fordoche, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the **TOWN OF FORDOCHE, LOUISIANA (TOWN)** as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and recommendations as item 2025-001.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and recommendations. 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.

This report is intended solely for the information and use of the Town Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC

Certified Public Accountants

Baton Rouge, Louisiana
June 30, 2026

TOWN OF FORDOCHE, LOUISIANA

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2025

1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **None reported.**
- C) Material weaknesses identified: **None.**
- D) Noncompliance that is material to the financial statements: **2025-001.**

- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**
- 3) Findings relating to compliance reported in accordance with *Government Auditing Standards*: **2025-001.**

4) FINDINGS - NONCOMPLIANCE

2025-001: Local Government Budget Act

Year Finding Originated: 2025

Criteria: In accordance with Louisiana Revised Statute (R.S.) 39:1302, 39:1303, and 39:109, *Local Governmental Budget Act* (LGBA), political subdivisions of the state are required to prepare and legally adopt a budget for the general fund and special revenue funds. Once adopted and in accordance with Louisiana R.S. 39:1311, *LGBA*, governing authorities are required to monitor the adopted budgets and duly authorize adopted amendments to the budgets for all legally adopted budgets. Additionally, management of the Town is required to advise its governing body Town to adopt a budget amendment, in writing, for all legally adopted budgets when the following conditions exist:

- Total revenue and other sources plus projected revenue and other financing sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- Total actual expenditures and other uses plus projected expenditures and other financing uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

4) FINDINGS – NONCOMPLIANCE (CONTINUED)

2025-001: Local Government Budget Act (Continued)

Condition: The Town's General Fund exceeded its respective legally adopted budgets for expenditures and other uses during the year by 15.64%.

Cause: Management advised the governing body to adopt budget amendments during 2025 for all funds with legally adopted budgets to prevent noncompliance with the requirements established by the LGBA, however projections did not satisfy the requirements of the LGBA.

Effect: The Town may not be compliant with the *LGBA*.

Recommendation: We recommend the Town to closely monitor legally adopted budgets for the General Fund to ensure budget amendments are authorized for anticipated changes in revenues and expenditures that will result in unfavorable budget variances.

Views of responsible officials: Management agrees with the finding and has indicated that procedures will be implemented to monitor budget-to-actual activity on a monthly basis. The Town will also ensure timely preparation and approval of budget amendments when thresholds established by state law are met.

TOWN OF FORDOCHE, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2025

There were none.



OFFICE OF THE MAYOR
TOWN OF FORDOCHE

Post Office Box 10
Fordoche, Louisiana 70732
Telephone: (225) 637-3112
Fax: (225) 637-2899

Corrective Action Plan
Year Ended December 31, 2025

The following corrective action has been developed and implemented for audit compliance in response to the audit finding 2025-001 with approval of the Town's management is as follows:

2025-001 Local Government Budget Act (LGBA)

The Town acknowledges the finding related to inadequate budget monitoring procedures that resulted in expenditures exceeding budgeted appropriations, resulting in noncompliance with the LGBA.

To address this issue, management will strengthen its budgetary control process by implementing formal monthly budget-to-actual reviews for all funds. Appropriate personnel will review budget variances on a timely basis and document any significant fluctuations. Additionally, budget amendments will be prepared and presented to the Council for approval whenever actual or projected expenditures are expected to exceed appropriations in accordance with LGBA requirements.

The Town's management and Council will be responsible for monitoring compliance with approved budgets and ensuring budget amendments are adopted prior to year-end when necessary. We anticipate full implementation of these corrective actions beginning with the current fiscal year and will continue to monitor compliance on an ongoing basis. If you have any questions regarding this plan, please contact Dana Bergeron, Town Clerk, at 225-637-3112.

Sincerely,


Dana Bergeron

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

TOWN OF FORDOCHE, LOUISIANA

Fordoché, Louisiana

For the Fiscal Period January 1, 2025 through December 31, 2025



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Council
The Town of Fordoche 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 January 1, 2025 through December 31, 2025. The **TOWN OF FORDOCHE, 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 January 1, 2025 through December 31, 2025. 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 schedule of associated findings are as follows:

1) Written Policies and Procedures

- A. 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:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **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.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **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).

Address

6811 Jefferson Highway
Baton Rouge, LA 70806

Contact

P: 225.927.6811
F: 225.932.0000

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. **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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. 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
 - i. 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.

- ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-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.*
- iii. 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.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. 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 listing of accounts was provided which included two accounts. The entity identified the main operating account. Each account was selected to perform the procedures below.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. 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).

The entity provided a listing of deposit sites which included one site. We selected the site and performed the procedures below.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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

The entity provided a listing of collection locations which included one. We selected that location and performed the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also 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; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. 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 in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. 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).

We obtained a listing of locations which included one. We selected that location and performed the procedures below.

- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. 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;
 - iv. 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; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A 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
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main*

operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

We obtained a listing of all active cards which included only one card.

- B. 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

From the listing period, there was only one active card used in the fiscal period. We randomly selected one monthly statement and performed the procedures noted below.

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
- ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Monthly statement selected included eight transactions. We tested all transactions for that month.

- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

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

- A. 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 and 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

There were no travel related expense reimbursements for the period. The below procedures were not performed.

- i. 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 (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. 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 Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. 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. *Alternatively, 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
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. 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, the documented approval); and

- iv. 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

9) Payroll and Personnel

- A. 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.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. 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 and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. 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) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. 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 debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

The Town does not have any bonds/debt outstanding at the end of the fiscal period.

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

The Town does not have any bonds/debt outstanding at the end of the fiscal period.

12) Fraud Notice:

- A. 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 as required by R.S. 24:523.

The Town is not aware of any misappropriation of public funds or assets.

- B. 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.

13) Information Technology Disaster Recovery/Business Continuity

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 there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (1) occurred within the past week, (2) was not stored on the government's local server or network, and (3) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then 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.

- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - 1. Hired before June 9, 2020 - completed the training; and
 - 2. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, 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 as required by R.S. 42:343.
- B. 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).
- C. 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 the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

TOWN OF FORDOCHE, LOUISIANA

Fordoché, Louisiana

SCHEDULE OF ASSOCIATED FINDINGS

For the year ended December 31, 2025

Findings:

No findings were found as a result of applying the procedures listed above, expect as follows:

1) Written Policies and Procedures:

- A** The Town did not have written policies and procedures established for the following categories and subcategories:
- ii. (1)(2)** – *Purchasing* – The Town has no written policy that includes (1) how purchases are initiated or (2) how vendors are added to the vendor list.
 - vi. (1)(2)(3)(4)(5)** – *Contracting* – The Town has no written policy that includes (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, or (5) monitoring process.
 - viii. (1)(2) (4)(5)** – *Credit Cards* – The Town has no written policy that includes (1) how cards are to be controlled and (2) allowable business uses.
 - ix. (1)(2)(3)(4)** – *Ethics* – The Town has no written policy that includes (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.
 - x. (1)(2)(3)(4)** – *Debt Service* – The Town has no written policy that includes (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
 - xi. (1)(2)(3)(4)(5)(6)** – *IT/Disaster Recovery* – The Town has no written policy that includes (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.
 - xiii. (1)(2)(3)** – *Sexual Harassment* – The Town has no written policy that includes R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

5) Non-Payroll Disbursements:

- C (i)** Of the disbursements selected, one did not include evidence that the disbursement matched the related invoice/statement.
- C (ii)** Of the disbursements selected, none included evidence of segregation of duties.
- D (a)** Of the electronic disbursements selected, none included evidence that they were approved by only those persons authorized to disburse funds per the entity's policy.
- D (b)** Of the electronic disbursements selected, none of the disbursements included evidence of approval by the required number of authorized signers per the Town's policy.

6) Credit Cards:

- B (i)** The selected monthly statement did not include evidence or supporting documentation that it was reviewed and approved, in writing, by someone other than the authorized card holder.
- C (i)** Of the credit card transactions selected, four of the transactions did not have an original itemized receipt that identified what was purchased.
- C (ii)** Of the credit card transactions selected, five of the transactions did not include written documentation of the business/public purpose.
- C (iii)** Of the credit card transactions selected, two of the transactions did not have documentation of the individual participating in meals.

10) Ethics:

- A (i)** The Town did not provide evidence that demonstrated four of the five employees/officials completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

13) Information Technology Disaster Recover/Business Continuity:

We performed the procedures and discussed the results with management.

14) Sexual Harassment:

- A** The Town did not provide evidence that demonstrated four of the five employees/officials completed one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B** The Town did not provide evidence that demonstrated the posting of its sexual harassment policy and compliance procedures on its website or on its premises.
- C (i-v)** The Town did not provide evidence of its sexual harassment report for the current fiscal period.

Management's Response:

Management of the Town concurs with the exceptions identified and are in the process of addressing these matters.

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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 30, 2026