

Town of Zwolle

Zwolle, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
May 31, 2021
with Supplemental Information Schedules

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Independent Auditor's Report

Town of Zwolle
Zwolle, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Zwolle, as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Zwolle's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Zwolle, as of May 31, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Zwolle's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head, the Schedule of Paid Aldermen, and the Schedule of Justice System Funding Collecting/Disbursing Entity are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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, the Schedule of Paid Aldermen, and the Schedule of Justice System Funding Collecting/Disbursing Entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2022, on our consideration of the Town of Zwolle'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Zwolle's internal control over financial reporting and compliance.

Kenneth D. Felder & Co., CPAs

Jonesboro, Louisiana
February 28, 2022

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Town of Zwolle
Zwolle, Louisiana

Statement of Net Position
As of May 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 458,592	\$ 625,875	\$ 1,084,467
Investments	332,530	278,322	610,852
Accounts receivable	91,753	96,649	188,402
Prepaid expenses	53,622	125	53,747
Due from other funds	1,247,129	-	1,247,129
Cash and equivalents - restricted	-	153,457	153,457
Capital assets (net of accumulated depreciation)	1,780,074	4,452,898	6,232,972
Total Assets	<u>3,963,700</u>	<u>5,607,326</u>	<u>9,571,026</u>
Deferred Outflows of Resources			
Pension	55,324	21,157	76,481
Total Deferred Outflows of Resources	<u>55,324</u>	<u>21,157</u>	<u>76,481</u>
Liabilities			
Accounts payable	39,771	6,657	46,428
Payroll liabilities	12,832	-	12,832
Due to other funds	-	1,247,129	1,247,129
Customer meter deposits	-	51,881	51,881
Long-term liabilities - current	-	22,000	22,000
Long-term liabilities - noncurrent	136,622	452,292	588,914
Total Liabilities	<u>189,225</u>	<u>1,779,959</u>	<u>1,969,184</u>
Deferred Inflows of Resources			
Pension	102,179	8,261	110,440
Total Deferred Inflows of Resources	<u>102,179</u>	<u>8,261</u>	<u>110,440</u>
Net Position			
Net investment in capital assets	1,780,074	4,042,898	5,822,972
Restricted	-	93,024	93,024
Unrestricted	1,947,546	(295,658)	1,651,888
Total Net Position	<u>\$ 3,727,620</u>	<u>\$ 3,840,264</u>	<u>\$ 7,567,884</u>

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Statement of Activities
For the Year Ended May 31, 2021

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	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	\$ 304,583	\$ -	\$ 1,000	\$ (303,583)	\$ -	\$ (303,583)
Police	556,691	85,694	-	(470,997)	-	(470,997)
Sanitation	76,080	86,833	-	10,753	-	10,753
Highways and streets	276,850	-	-	(276,850)	-	(276,850)
Community development	34,671	-	650	(34,021)	-	(34,021)
Total governmental activities	1,248,875	172,527	1,650	(1,074,698)	-	(1,074,698)
Business-type activities						
Water and sewer	671,254	412,209	-	-	(259,045)	(259,045)
Total primary government	\$ 1,920,129	\$ 584,736	\$ 1,650	\$ (1,074,698)	\$ (259,045)	\$ (1,333,743)
General Revenues						
Taxes:						
Property taxes, levied for general purposes				70,463	-	70,463
Sales taxes				584,890	-	584,890
Franchise taxes				63,582	-	63,582
Other taxes				4,867	-	4,867
Licenses				83,146	-	83,146
Intergovernmental				55,924	-	55,924
Investment earnings				1,811	3,194	5,005
Rental income				12,526	-	12,526
Other revenue				6,228	1,972	8,200
Operating transfers				-	-	-
Total general revenues and transfers				883,437	5,166	888,603
Change in net position				(191,261)	(253,879)	(445,140)
Net position - May 31, 2020				3,918,881	4,094,142	8,013,023
Net position - May 31, 2021				\$ 3,727,620	\$ 3,840,263	\$ 7,567,883

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Town of Zwolle
Zwolle, Louisiana

Balance Sheet - Governmental Funds
As of May 31, 2021

		Governmental Funds
Assets		
Cash and equivalents	\$	458,592
Investments		332,530
Accounts receivable		91,753
Prepaid expenses		53,622
Due from other funds		1,247,129
Total Assets	\$	2,183,626
Liabilities & Fund Balances		
Liabilities:		
Accounts payable	\$	39,771
Payroll liabilities		12,832
Total Liabilities		52,603
Fund balances:		
Unassigned, reported in:		
General fund		2,131,023
Total Fund Balances		2,131,023
Total Liabilities and Fund Balances	\$	2,183,626

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of May 31, 2021

Total Fund Balances at May 31, 2021 - Governmental Funds (Statement C)	\$	2,131,023
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		1,780,074
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net pension liability		(136,622)
Deferred outflows of resources		55,324
Deferred inflows of resources		(102,179)
		(102,179)
Net Position at May 31, 2021	\$	3,727,620

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended May 31, 2021

		General Fund
Revenues		
Taxes:		
Ad valorem tax	\$	70,463
Franchise tax		63,582
Sales tax		584,890
Other tax		4,867
Licenses and permits		83,146
Operating grant		1,650
Intergovernmental		55,924
Rent, royalty, and commission		12,526
Charges for services		172,526
Miscellaneous		2,035
Total revenues		1,051,609
Expenditures		
Current:		
General government		271,548
Public safety		
Police		559,917
Streets		169,453
Sanitation		76,080
Parks and recreation		9,516
Capital outlay		111,666
Total expenditures		1,198,180
Excess (deficiency) of revenues over (under) expenditures		(146,571)
Other financing sources (uses)		
Interest earnings		1,811
Debt service - principal payment		(22,055)
Debt service - interest payment		(1,434)
Operating transfers in		-
Operating transfers out		-
Total other financing sources (uses)		(21,678)
Net changes in fund balances		(168,249)
Fund balances - May 31, 2020		2,299,270
Fund balances - May 31, 2021	\$	2,131,021

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended May 31, 2021

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(168,247)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.

Depreciation		(157,965)
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Capital outlay		111,666
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Capital lease principal expense, which is considered an other financing use on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of capital lease payable on the Government-Wide Statements. Capital loan proceeds, which is considered an other financing source on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase in capital assets on the Government-Wide Statements.

Debt service - principal and interest payment		23,488
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Other expense		(203)
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Change in net position of governmental activities (Statement B)	\$	<u>(191,261)</u>
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Town of Zwolle
Zwolle, Louisiana

Statement of Net Position - Proprietary Fund
As of May 31, 2021

	Water & Sewer Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 625,875
Investments	278,322
Accounts receivable	96,649
Prepaid expenses	125
Total Current Assets	1,000,971
Noncurrent Assets:	
Cash and equivalents - restricted	153,457
Capital assets (net of accumulated depreciation)	4,452,898
Total Noncurrent Assets	4,606,355
Total Assets	5,607,326
Deferred Outflows of Resources	
Pension	21,157
Total Deferred Outflows of Resources	21,157
Liabilities	
Current Liabilities:	
Accounts payable	6,657
Due to other funds	1,247,129
Current portion of long-term debt	22,000
Total Current Liabilities	1,275,786
Noncurrent Liabilities:	
Notes payable	388,000
Net pension liability	64,292
Total Noncurrent Liabilities	452,292
Current liabilities payable from restricted assets	
Customer meter deposits	51,881
Total Liabilities	1,779,959
Deferred Inflows of Resources	
Pension	8,261
Total Deferred Inflows of Resources	8,261
Net Position	
Net investment in capital assets	4,042,898
Restricted	93,024
Unrestricted	(295,658)
Total Net Position	\$ 3,840,264

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund
For the Year Ended May 31, 2021

	Water & Sewer Fund
Operating Revenues	
Water sales	\$ 219,528
Sewer fees	192,681
Miscellaneous income	1,972
Total operating revenues	414,181
Operating Expenses	
Personnel services	90,287
Supplies	51,477
Utilities	58,877
Repairs and maintenance	111,101
Miscellaneous	163,263
Depreciation	196,248
Total operating expenses	671,253
Operating Income (Loss)	(257,072)
Non-operating Revenues (Expenses)	
Interest earnings	3,194
Total non-operating revenues (expenses)	3,194
Change in net position	(253,878)
Total Net Position - May 31, 2020	4,094,142
Total Net Position - May 31, 2021	\$ 3,840,264

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended May 31, 2021

	Water & Sewer Fund
Cash flows from operating activities	
Cash received from customers	412,209
Cash payments to suppliers for goods and services	(484,700)
Cash payments to employees	(90,287)
Net cash provided by (used for) operating activities	(162,778)
Cash flows from non-capital financing	
Increase (decrease) in due to General Fund	(332,804)
Other revenue	58
Net cash provided by (used for) non-capital financing activities	(332,746)
Cash flows from capital and related financing activities	
Debt payment	(22,000)
Interest paid	(3,903)
Net cash provided by (used for) capital and related financing activities	(25,903)
Cash flows from investing activities	
Interest earnings	3,194
Net cash provided by (used for) investing activities	3,194
Net increase (decrease) in cash and cash equivalents	(518,233)
Cash and cash equivalents - May 31, 2020	1,297,565
Cash and cash equivalents - May 31, 2021	\$ 779,332
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (257,073)
Adjustments	
Depreciation	196,248
Net changes in assets and liabilities	
Accounts receivable	(57,483)
Customers' security deposits	3,506
Accounts payable	(15,688)
Current increase (decrease) in pension liability	(32,288)
Net cash provided for (used for) operating activities	\$ (162,778)

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE
FINANCIAL STATEMENTS**

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

INTRODUCTION

The Town of Zwolle, Louisiana was incorporated September 13, 1889, under the provisions of a home rule charter. The Town operates under a Mayor-Board of Aldermen form of government.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the Town's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Municipal Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Based on the above criteria, no component units were identified for the Town of Zwolle.

C. Government-Wide Financial Statements

The Town's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Zwolle's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Town's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Direct Expenses - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Town reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

D. Fund Financial Statements

The accounts of the Town of Zwolle are 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Town of Zwolle reports the following major governmental funds:

General Fund - The primary operating fund of the Town, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

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The Enterprise Fund of the Town of Zwolle is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Town of Zwolle has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

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

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended May 31, 2021.

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Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town did not have any restricted funds for the year ended May 31, 2021.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended May 31, 2021.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has no assigned funds for year ended May 31, 2021.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has \$2,131,023 of unassigned funds in the General Fund.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. Budgets

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

1. The Town Treasurer prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding estimated amounts require the approval of the Board of Aldermen.

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6. All budgetary appropriations lapse at the end of each fiscal year.

7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

8. A budget is adopted for the Proprietary Fund on an accrual basis.

The 2020-2021 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on May 28, 2020, and the budget was adopted by the Mayor and Board of Aldermen. The 2020-2021 general fund amended budget was published in the official journal and made available for public inspection. A public hearing for the proposed amended budget was held on May 30, 2021, and the amended budget was adopted by the Mayor and Board of Aldermen.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Zwolle may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Town reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Town of Zwolle's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the Town reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

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I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories and Prepaid Items

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. As of June 1, 2004, the Town implemented a policy of capitalizing all infrastructure assets with a cost of \$20,000 or more. All other assets are capitalized based on thresholds of \$5,000 to \$25,000, depending on asset classification, except land and construction in progress which are capitalized at cost.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

Description	Estimated Lives
Water and sewer systems	5-50 years
Water wells and pumps	5-25 years
Water filter systems	5-7 years
Water meter and hydrants	10 years
Equipment	5-10 years
Trucks	5 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

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L. Deferred Outflows of Resources

The Town reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town reported \$76,481 of deferred outflows of resources.

M. Compensated Absences

Employees of the Town are entitled to paid vacation depending on job classification, length of service, and other factors. Employees' vacation earned does not accumulate or vest. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements. The Town's policy is to recognize the costs of compensated absences when actually paid to employees.

N. Deferred Inflows of Resources

The Town reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town will not recognize the related revenues until a future event occurs. The Town reported \$110,440 of deferred inflows of resources.

O. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

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Notes to the Financial Statements
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P. Estimates

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

2. Ad Valorem Tax

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Town bills and collects its own ad valorem taxes. For the 2020 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

General corporate purposes - 6.330 mills on an assessed value of \$11,115,162

This millage was approved by the Board of Aldermen on July 9, 2020. This millage is the maximum millage that can be assessed without the approval of the voters of the Town.

The Town is subject to several tax abatement agreements entered into by other governments that reduce the ad valorem tax revenues of the Town. These abatements are based on undepreciated values of various contracts as reported by Louisiana Economic Development. Property subject to abatement is located in the Town and the total undepreciated property subject to the contracts in effect during the year totaled \$13,840,637. The estimated amount of ad valorem taxes abated through indirect agreements is \$13,142.

3. Sales Tax

On April 16, 1988, the voters of the Town of Zwolle approved a 1% sales and use tax upon the sale at retail, the use, the lease or rental, the consumption or storage for use or consumption of tangible personal property and on sales of services in the Town. The 1% sales and use tax is dedicated to the General Fund to be used for any lawful corporate purpose as deemed necessary by the Board of Aldermen. In addition, effective October 1, 2005, the voters of the Town approved an additional 1% sales and use tax which was renewed in 2019.

4. Cash, Cash Equivalents, and Investments

At May 31, 2021, the Town had cash and cash equivalents (book balances) totaling \$1,237,924, including \$600 cash on hand and \$93,024 in LAMP deposits. An amount of \$153,457 was restricted cash and cash equivalents. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

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At May 31, 2021, the Town had funds (book balances) totaling \$343,378 on deposit at LAMP. The Town maintains accounts in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. LAMP accepts deposits from public entities. Upon making an investment, a public entity becomes a member of LAMP, Inc., similar to a corporate shareholder, and maintains certain rights with respect to the governance of the corporation.

At May 31, 2021, the Town had \$1,318,599, in deposits (collected bank balances). These deposits are secured from risk by \$379,717 in federal deposit insurance and \$938,882 in pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Zwolle has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at May 31, 2021. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Zwolle has cash and cash equivalents that are covered by \$536,693 of federal depository insurance.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies. The dollar weighted average portfolio of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their balances.

At May 31, 2021, the Town had investments of \$610,852. These deposits are secured from risk by \$156,976 in federal deposit insurance and \$453,876 in pledged securities.

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Notes to the Financial Statements
As of and for the year ended May 31, 2021

5. Receivables

The receivables of \$188,402 at May 31, 2021, are as follows:

	Fund		Total
	General	Enterprise	
Taxes:			
Ad valorem	\$ 65	\$ -	\$ 65
Sales and use	41,365	-	41,365
Other	847	-	847
Franchise fees	9,313	-	9,313
Interest	380	-	380
Other revenues	39,784	-	39,784
Accounts	-	126,985	126,985
Allowance for uncollectible accounts	-	(30,336)	(30,336)
Total	<u>\$ 91,753</u>	<u>\$ 96,649</u>	<u>\$ 188,403</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance at the time information becomes available which would indicate the uncollectibility of the receivable. On May 31, 2021, the reserve for uncollectible amounts was \$30,336.

6. Prepaid Items

Prepaid items at May 31, 2021 consist of prepaid insurance premiums in the General Fund of \$53,622 and a deposit in the Enterprise Fund of \$125.

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Notes to the Financial Statements
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7. Capital Assets

A summary of changes in capital assets for the year ended May 31, 2021, is as follows:

A. Capital Assets - Governmental Activities

	Balance, June 01, 2020	Additions	Deletions	Balance, May 31, 2021
Capital assets not depreciated				
Land	\$ 151,991	\$ -	\$ -	\$ 151,991
Total capital assets not being depreciated	<u>151,991</u>	<u>-</u>	<u>-</u>	<u>151,991</u>
Capital assets being depreciated				
Buildings and improvements	950,693	52,166	-	1,002,859
Equipment	208,246	-	-	208,246
Infrastructure - Streets	1,938,255	59,500	-	1,997,755
Vehicles	175,269	-	-	175,269
Total capital assets being depreciated	<u>3,272,463</u>	<u>111,666</u>	<u>-</u>	<u>3,384,129</u>
Less accumulated depreciation				
Buildings and improvements	476,427	25,774	-	502,201
Equipment	139,615	13,231	-	152,846
Infrastructure - Streets	850,161	99,732	-	949,893
Vehicles	131,878	19,228	-	151,106
Total accumulated depreciation	<u>1,598,081</u>	<u>157,965</u>	<u>-</u>	<u>1,756,046</u>
Capital assets, net	<u>1,674,382</u>	<u>(46,299)</u>	<u>-</u>	<u>1,628,083</u>
Governmental capital assets - net	<u>\$ 1,826,373</u>	<u>\$ (46,299)</u>	<u>\$ -</u>	<u>\$ 1,780,074</u>

Functional Allocation of Depreciation Expense

General government	\$ 7,819
Public safety	
Police	17,593
Streets	107,398
Recreation	25,156
Total	<u>\$ 157,965</u>

Town of Zwolle
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Notes to the Financial Statements
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B. Capital Assets - Proprietary Funds

	Balance, June 01, 2020	Additions	Deletions	Balance, May 31, 2021
Capital assets not depreciated				
Land	\$ 7,160	\$ -	\$ -	\$ 7,160
Construction in Process	100,742	-	-	100,742
Total capital assets not being depreciated	<u>107,902</u>	<u>-</u>	<u>-</u>	<u>107,902</u>
Capital assets being depreciated				
Buildings	10,340	-	-	10,340
Equipment	59,313	-	-	59,313
Filter System	5,087	-	-	5,087
Meter & Hydrants	2,100	-	-	2,100
Sewer System	5,298,603	-	-	5,298,603
Vehicles	35,710	-	-	35,710
Water System	2,419,762	-	-	2,419,762
Wells & Pumps	210,056	-	-	210,056
Total capital assets being depreciated	<u>8,040,971</u>	<u>-</u>	<u>-</u>	<u>8,040,971</u>
Less accumulated depreciation				
Buildings	5,827	491	-	6,318
Equipment	38,360	3,214	-	41,574
Filter System	5,087	-	-	5,087
Meter & Hydrants	2,100	-	-	2,100
Sewer System	2,199,402	125,624	-	2,325,026
Vehicles	13,991	5,459	-	19,450
Water System	1,038,134	57,886	-	1,096,020
Wells & Pumps	196,824	3,574	-	200,398
Total accumulated depreciation	<u>3,499,725</u>	<u>196,248</u>	<u>-</u>	<u>3,695,973</u>
Capital assets, net	<u>4,541,246</u>	<u>(196,248)</u>	<u>-</u>	<u>4,344,998</u>
Business-type activities capital assets - net	<u>\$ 4,649,148</u>	<u>\$ (196,248)</u>	<u>\$ -</u>	<u>\$ 4,452,900</u>

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Notes to the Financial Statements
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8. Payables

The payables of \$59,260 at May 31, 2021, are as follows:

	Fund		Total
	General	Enterprise	
Accounts	\$ 39,771	\$ 6,657	\$ 46,428
Payroll liabilities	12,832	-	12,832
Total	\$ 52,603	\$ 6,657	\$ 59,260

9. Long-Term Obligations

On June 29, 2018, the Town entered into a \$66,252 loan with Ford Motor Credit Corporation at 6.50% interest to purchase two police cars, repayable annually over three years at \$23,489 per year. The remaining balance of the loan at May 31, 2020 was \$22,055 and was paid off in June 2020.

In July 2017, the Town entered into a financing agreement with Louisiana's Department of Environmental Quality's Clean Water State Revolving Fund (CWSRF) to provide financing in the amount of \$1,059,400 for 20 years at 0.45%, with \$582,670 of principal to be forgiven as financing advances are made. The proceeds of this financing are to be used to renovate the sewer treatment facility in order to achieve compliance with DEQ regulations. In November 2017, the Town entered into a construction contract, amounting to \$709,775 to begin work on the project, and the project was completed as of May 30, 2020. This loan requires the Town to maintain certain restricted cash reserve funds, among other requirements, and the Town has funded these at the maximum required over the life of the loan. As of May 31, 2021, these funds amounted to \$93,024 and are shown as restricted assets.

As of May 31, 2021, the Town has a note payable to CWSRF in the amount of \$413,384, of which \$22,000 was determined to be the current amount due in 2022. When the drawdown of the total loan is completed, the Town will be obligated to make annual payments from \$25,454 to \$27,226 for the 20 year term of the loan.

The following is a summary of the long-term obligation transactions for the year ended May 31, 2021:

Long-term obligation	Balance, June 01, 2020	Additions	Deletions	Balance, May 31, 2021
Ford Motor Credit Corporation	\$ 22,055	-\$	22,055	-
CWSRF	432,000	-	22,000	410,000
Total	\$ 454,055	-\$	44,055	410,000

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The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of May 31, 2021:

Long-term obligation	Current portion	Long-term portion	Total
CWSRF	\$ 22,000	\$ 388,000	\$ 410,000
Total	<u>\$ 22,000</u>	<u>\$ 388,000</u>	<u>\$ 410,000</u>

The annual requirements to amortize the outstanding long-term debt are as follows.

Year ending May 31:	Princiapl	Interest	Total
2022	22,000	3,600	25,600
2023	23,000	3,398	26,398
2024	23,000	3,191	26,191
2025	23,000	2,984	25,984
2026	23,000	2,777	25,777
2027-2037	296,000	16,340	312,340
Total	<u>\$ 410,000</u>	<u>\$ 32,288</u>	<u>\$ 442,290</u>

10. Retirement Systems

A. Municipal Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Zwolle contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System.

Any member of Plan B who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

1. Any age with 30 years of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Any age with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.

Eligibility for retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven or more years of creditable service.

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2. Age 62 with ten or more years of creditable service.
3. Age 55 with thirty or more years of creditable service.
4. Any age with twenty five years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement shall consist of an amount equal to 2% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended May 31, 2021, the Town of Zwolle's total payroll for all employees was \$649,216. Total covered payroll was \$189,047. Covered payroll refers to all compensation paid by the Town of Zwolle to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website www.mersla.com.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended May 31, 2021, the actual employer contribution rate was 15.50% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The Town of Zwolle's contributions to the System under Plan B for the year ending May 31, 2021 were \$29,064.

Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Zwolle to the System monthly.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At May 31, 2021, the Town reported a liability of \$48,283 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of May 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Zwolle's proportion of the Net Pension Liability was based on a projection of the Town of Zwolle's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At May 31, 2020, the Town of Zwolle's proportion was 0.221704%, which was an increase of 0.047231% from its proportion measured as of May 31, 2019.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

For the year ended May 31, 2021, the Town of Zwolle recognized the system pension expense of \$36,450 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$632. Total pension expense for the Town was \$37,082.

At May 31, 2021, the Town of Zwolle reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	3,373
Changes in assumption	6,227	-
Net difference between projected and actual earnings on pension plan	21,812	-
Changes in employer's proportion of beginning net pension liability	24,489	-
Differences between employer and proportionate share of contributions	160	22,443
Contributions after the measurement period	<u>13,427</u>	<u>-</u>
Total	<u>\$ 66,115</u>	<u>\$ 25,816</u>

The \$13,427 reported as deferred outflows of resources related to pensions resulting from Town of Zwolle contributions subsequent to the measurement date will be recognized as an increase of Net Pension Liability in the year ended May 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended May 31:	
2022	\$ 8,202
2023	10,338
2024	4,969
2025	3,195

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of May 31, 2020, are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.95%
Inflation Rate	2.50%
Projected Salary Increases (including inflation and merit increases)	-1 to 4 years of service 7.4% -More than 4 years of service 4.9%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected Remaining Service Lives	3 years for Plan B

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 the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected arithmetic nominal return		<u>7.00%</u>

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Town of Zwolle's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Zwolle's proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the Town of Zwolle's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage-point higher (7.95%) than the current discount rate (assuming all other assumptions remain unchanged):

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability	\$ 267,454	\$ 200,914	\$ 144,612

B. Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Zwolle contributes to the Municipal Police Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time police officers 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.

Any member of the Plan who was hired before January 1, 2013, can retire providing the member meets on of the following criteria:

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

The monthly amount of benefits are 3 1/3% of their average final compensation (employee's average monthly earnings during the highest 36 consecutive or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Hazardous Duty

1. Any age with 25 years of creditable service.
2. Age 55 with twelve or more years of creditable service.
3. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

Non Hazardous Duty

1. Any age with 30 years of creditable service.
2. Age 55 with twenty-five or more years of creditable service.
3. Age 60 with ten or more years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

The benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

The system also provides death and disability benefits. Benefits are established or amended by state statute.

For the year ended May 31, 2021, the Town of Zwolle's total payroll for all employees was \$649,216. Total covered payroll was \$22,926. Covered payroll refers to all compensation paid by the Town of Zwolle to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411, or by visiting the System's website www.lampers.org.

Contributions

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended May 31, 2021, the actual employer contribution rate was 33.75%, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The Town of Zwolle's contributions to the System for the year ended May 31, 2021 were \$7,737.

Members are required by state statute to contribute 10.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Zwolle to the System monthly.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At May 31, 2021, the Employer reported a liability of \$0 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of May 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Zwolle's proportion of the Net Pension Liability was based on a projection of the Town of Zwolle's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At May 31, 2020, the Town of Zwolle's proportion was 0.000000%, which was a decrease of 0.002114% from its proportion measured as of May 31, 2019.

For the year ended May 31, 2021, the Town of Zwolle recognized pension expense of \$0 plus employer's amortization of change in proportionate share, differences between employer contributions and proportionate share of contributions, contributions made after the measurement date, which was (\$45,692). Total pension expense was (\$45,692).

At May 31, 2021, the Town of Zwolle reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan	-	-
Changes in employer's proportion of beginning net pension liability	2,628	76,534
Differences between employer and proportionate share of contributions	-	8,089
Contributions after the measurement period	7,737	-
Total	<u>\$ 10,365</u>	<u>\$ 84,623</u>

The \$7,737 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended May 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ended May 31:	
2022	\$ (31,141)
2023	(30,629)
2024	(20,225)

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of May 31, 2020, are as follows:

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	6.950%, net of investment expense	
Inflation Rate	2.50%	
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1-2	12.30%
	Above 2	4.70%
Expected Remaining Service Lives	4 years	
Cost-of-Living Adjustments	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 mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality. The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	49%	3.08%
Fixed income	34%	0.54%
Alternatives	18%	1.02%
Other	-%	-%
Totals	100%	4.64%
Inflation		2.55%
Expected arithmetic nominal return		7.19%

Discount Rate

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Sensitivity of the Town of Zwolle's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Zwolle's proportionate share of the net pension liability calculated using the discount rate of 6.95%, as well as what the Town of Zwolle's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage-point higher (7.95%) than the current discount rate (assuming all other assumptions remain unchanged):

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's proportionate share of net pension liability	\$ -	\$ -	\$ -

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Audit Report at www.lampers.org.

9. Short-Term Debt

The Town of Zwolle had no short term debt activity for the year ended May 31, 2021, and there was no short-term debt outstanding at the end of the fiscal year.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

10. Leases

At May 31, 2021, the Town of Zwolle is obligated under a certain lease accounted for as an operating lease. This lease is for the use of land comprising 2.98 acres for the operation and drilling of water wells. The term of the lease is forty years with an annual rental of \$1,500 payable monthly at \$125 per month.

13. Reserved and Designated Retained Earnings/Fund Balances

The Water and Sewer Fund had restricted net position as follows:

Restricted Assets - Cash and investments	
Customer deposits	\$ 51,881
DEQ Loan Reserve Funds	93,024
Total	<u>\$ 144,905</u>

14. Related Party Transactions

The Town of Zwolle had no related party transactions for the year ended May 31, 2021.

15. Grants

During the year ended May 31, 2021, the Town of Zwolle received a contribution of \$1,650 to be used in the general operation of the Town.

16. Risk Management

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

16. Contingencies

The Town provides water and sewer services to the citizens of Zwolle and these services are heavily regulated by DHH and DEQ. Drinking water and sewer treatment discharges are subject to strict guidelines relating to quality. Failure to meet these requirements could subject the Town to penalties. The Town is presently operating under a Compliance Order (Order) from DHH relating to drinking water not meeting the requirements for TTHMs (Total Trihalomethanes). The Town is working with an engineering firm to design and install the needed equipment to comply with the Order and does not presently anticipate the imposition of any penalties by DHH. The cost to comply with the Order is not presently known. On September 30, 2021, DHH proposed an administrative penalty of \$175,200 for failure to comply with the Order. The Town applied to DHH for mitigation of the penalty and to comply with the Order. However, the DHH will not mitigate a penalty until the compliance project is completed.

Town of Zwolle
Zwolle, Louisiana

Notes to the Financial Statements
As of and for the year ended May 31, 2021

17. Litigation and Claims

At May 31, 2021, the Town is a party to legal proceedings involving suits filed against the Town for various reasons; however, the Town does not believe it will be exposed to any material losses in these proceedings. Accordingly, no provision for losses is included in the financial statements.

18. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 28, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Town of Zwolle
Zwolle, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2021

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 69,000	\$ 66,000	\$ 70,463	\$ 4,463
Franchise tax	84,000	80,000	63,582	(16,418)
Sales tax	650,000	660,000	584,890	(75,110)
Other tax	5,300	5,300	4,867	(433)
Licenses and permits	91,000	90,000	83,146	(6,854)
Operating grant	1,000	1,000	1,650	650
Intergovernmental	25,100	25,000	55,924	30,924
Rent, royalty, and commission	17,412	18,112	12,526	(5,586)
Charges for services	155,000	132,000	172,526	40,526
Miscellaneous	9,250	8,550	2,035	(6,515)
Total revenues	<u>1,107,062</u>	<u>1,085,962</u>	<u>1,051,609</u>	<u>(34,353)</u>
Expenditures				
Current:				
General government	304,445	261,705	271,548	(9,843)
Public safety				
Police	456,121	401,930	559,917	(157,987)
Streets	142,613	150,187	169,453	(19,266)
Parks and recreation	18,500	17,500	9,516	7,984
Sanitation	-	69,761	76,080	(6,319)
Capital outlay	184,000	200,218	111,666	88,552
Total expenditures	<u>1,105,679</u>	<u>1,101,301</u>	<u>1,198,180</u>	<u>(96,879)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,383</u>	<u>(15,339)</u>	<u>(146,571)</u>	<u>(131,232)</u>
Other financing sources (uses)				
Interest earnings	3,450	1,100	1,811	711
Debt service - principal payment	-	(20,709)	(22,055)	(1,346)
Debt service - interest payment	(2,780)	(400)	(1,434)	(1,034)
Total other financing sources (uses)	<u>670</u>	<u>(20,009)</u>	<u>(21,678)</u>	<u>(1,669)</u>
Net changes in fund balances	2,053	(35,348)	(168,249)	(132,901)
Fund balances - May 31, 2020	2,299,270	2,299,270	2,299,270	-
Fund balances - May 31, 2021	<u>\$ 2,301,323</u>	<u>\$ 2,263,922</u>	<u>\$ 2,131,021</u>	<u>\$ (132,901)</u>

The accompanying notes are an integral part of these financial statements.

Town of Zwolle
Zwolle, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Employees Retirement System
For the year ended May 31, 2021

	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.174473%	0.173200%	0.170537%	0.158488%	0.157649%	0.146768%
Employer's proportionate share of the net pension liability (asset)	152,631	146,498	147,554	131,372	107,146	68,907
Employer's covered employee payroll	209,764	134,872	127,921	123,705	116,109	108,513
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	72.76 %	108.62 %	115.35 %	106.20 %	92.28 %	63.50 %
Plan fiduciary net position as a percentage of total pension liability	66.26 %	66.14 %	63.49 %	63.34 %	68.71 %	76.94 %

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

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

Town of Zwolle
Zwolle, Louisiana

Schedule of Employer's Share of Net Pension Liability
Municipal Police Employees Retirement System
For the year ended May 31, 2021

	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability (asset)	0.009815 %	0.013834 %	0.012475 %	0.017392 %	0.014035 %	0.016070 %
Employer's proportionate share of the net pension liability (asset)	89,137	116,953	108,912	163,012	109,950	100,534
Employer's covered employee payroll	22,926	-	37,235	37,527	36,590	35,577
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	388.80 %	- %	292.50 %	434.39 %	300.49 %	282.58 %
Plan fiduciary net position as a percentage of total pension liability	36.51 %	71.01 %	71.89 %	70.08 %	66.04 %	70.73 %

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

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

Town of Zwolle
Zwolle, Louisiana

Schedule of Employer Contributions
Municipal Employees Retirement System
For the year ended May 31, 2021

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 29,064	\$ 29,367	\$ 18,788	\$ 16,676	\$ 13,469	\$ 11,030
Contributions in relation to contractually required contribution	29,064	29,367	18,788	16,676	13,469	11,030
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's covered payroll	\$ 189,047	\$ 209,764	\$ 134,872	\$ 127,921	\$ 123,705	\$ 116,109
Contributions as a percentage of covered employee payroll	15.37 %	14.00 %	13.93 %	13.04 %	10.89 %	9.50 %

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

Town of Zwolle
Zwolle, Louisiana

Schedule of Employer Contributions
Municipal Police Employees Retirement System
For the year ended May 31, 2021

	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 7,737	\$ -	\$ 12,008	\$ 11,574	\$ 11,555	\$ 10,539
Contributions in relation to contractually required contribution	7,737	-	12,008	11,574	11,555	10,539
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's covered payroll	\$ 22,926	\$ -	\$ 37,235	\$ 37,527	\$ 36,590	\$ 35,577
Contributions as a percentage of covered employee payroll	33.75 %	- %	32.25 %	30.84 %	31.58 %	29.62 %

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



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**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards**

Town of Zwolle
Zwolle, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Zwolle, as of and for the year ended May 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Zwolle's basic financial statements and have issued our report thereon dated February 28, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Zwolle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under Government Auditing Standards.

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 result 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 Town of Zwolle's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kenneth D. Falden & Co., CPAs

Jonesboro, Louisiana
February 28, 2022

SUPPLEMENTAL INFORMATION

Town of Zwolle
Zwolle, Louisiana

Schedule of Findings and Questioned Costs
For the year ended May 31, 2021

We have audited the basic financial statements of the Town of Zwolle as of and for the year ended May 31, 2021 and have issued our report thereon dated February 28, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of May 31, 2021 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.

Town of Zwolle
Zwolle, LouisianaSchedule of Compensation Paid Aldermen
For the year ended May 31, 2021

	2021
Carolyn Cutright	\$ 7,277
Darlene Frazier	7,277
Martha Henderson	7,277
Allen Rivers	7,277
Jermaine Thomas	7,277
	\$ 36,383

Town of Zwolle
Zwolle, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended May 31, 2021

Granvil "Pie" Martinez Mayor		
Salary	\$	21,600
	\$	<u>21,600</u>

Town of Zwolle
Zwolle, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
For the year ended May 31, 2021

	First Six Month Period Ended 11/30/20	Second Six Month Period Ended 05/31/21
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ 1,029
Add: Collections (Please enter zeros if no activity within a certain collection type)		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	1,272	2,268
Criminal Fines - Contempt	-	-
Criminal Fines - Other	41,777	41,624
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	43,049	43,892
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
CMIS	118	102
LCLE	472	247
LDH-THSCI Trust Fund	452	570
Louisiana Supreme Court	113	132
North Louisiana Crime Lab	30	70
Ware Youth Center Authority	1,701	1,170
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection (enter zero if no activity to report here)	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount (enter zero if no activity to report here)	-	-
Town of Zwolle, Criminal Fines - Other	39,134	42,051
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies (Please enter zeros if no activity within a certain line item)		

Town of Zwolle
Zwolle, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity
For the year ended May 31, 2021

Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	<u>42,020</u>	<u>44,342</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>1,029</u>	<u>579</u>
Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-