

**Town of Richwood  
Richwood, Louisiana**

**Annual Financial Report  
As of and for the Year Ended June 30, 2025**



**Town of Richwood  
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**Town of Richwood**

**INTRODUCTORY SECTION**

**Town of Richwood**

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# TOWN OF RICHWOOD

*"An Equal Opportunity Service Provider and Employer"*

*Gerald Brown, Mayor*

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*2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 322-0584*

December 31, 2025

Honorable Mayor and Town Alderpersons  
Town of Richwood, Louisiana

The Town of Richwood is in the southern portion of Ouachita Parish in Northeast Louisiana. It currently occupies approximately five (5) square miles and serves a population of 3,637. The Town was incorporated December 31, 1974, under the provisions of Louisiana Revised Statute 33:52. The Town's system of government is operated by the Lawson Act. The Act sets the framework and guides the work for more than 75% of the incorporated municipalities in Louisiana.

The Town operates under a form of government consisting of an elected Mayor and a Board of Alder persons, which has five (5) elected members, all of whom are elected at large. The Mayor is elected for a four-year term and has no limited terms, as well as the Alderpersons. The Mayor, with the Board approval, appoints the Town's Attorney, Magistrate, Clerk, and the Chief of Police. The laws of the Town are enacted through ordinances. The Board of Alderpersons adopts the Town's operating budget. The Mayor may veto ordinances of the Board of Alderpersons. Vetoes may be overridden by a two-thirds vote of the Board.

The Town provides a full range of services, including police protection, traffic control, building inspections, licenses and permits, commercial garbage collection, street maintenance, drainage maintenance and other health and welfare services, in addition to the administrative services provided to its residents.

## **Financial Controls**

The Town's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town is protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgement by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

## **Budgetary Procedures**

The Lawson Act requires the annual preparation of a balanced operation budget. It prohibits the Fiscal Officer as well as the Mayor from approving any expenditure under any portion of the annual operation budget unless sufficient revenues have been appropriated by the Board of Alderpersons to finance the proposed expenditure. The Board is required to appropriate the necessary tax and other revenues measures to produce a balanced budget. In addition, no budgeted expenditures may be made unless authorized by the Mayor through the allotment system.

The Town monitors revenues and expenditures closely during the year. The Town's Board of Alderpersons, when necessary to increase or curtail budgeted expenditures to ensure a balanced budget, adopts transfers with the budget.

Respectfully submitted,

*Bettina Woods*

Bettina Woods  
Town Clerk

**Town of Richwood  
Annual Financial Report  
for the Year Ended June 30, 2025**

**List of Elected, Appointed Officials and Personnel**

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Elected Officials

Mayor	Gerald Brown
Mayor Pro-Tem	Simeon Profit
Alderman	Wysingler Cleveland
Alderman	Donald Richard
Alderman	Deneitra Ross
Alderman	Janice Fleming

Appointed Officials

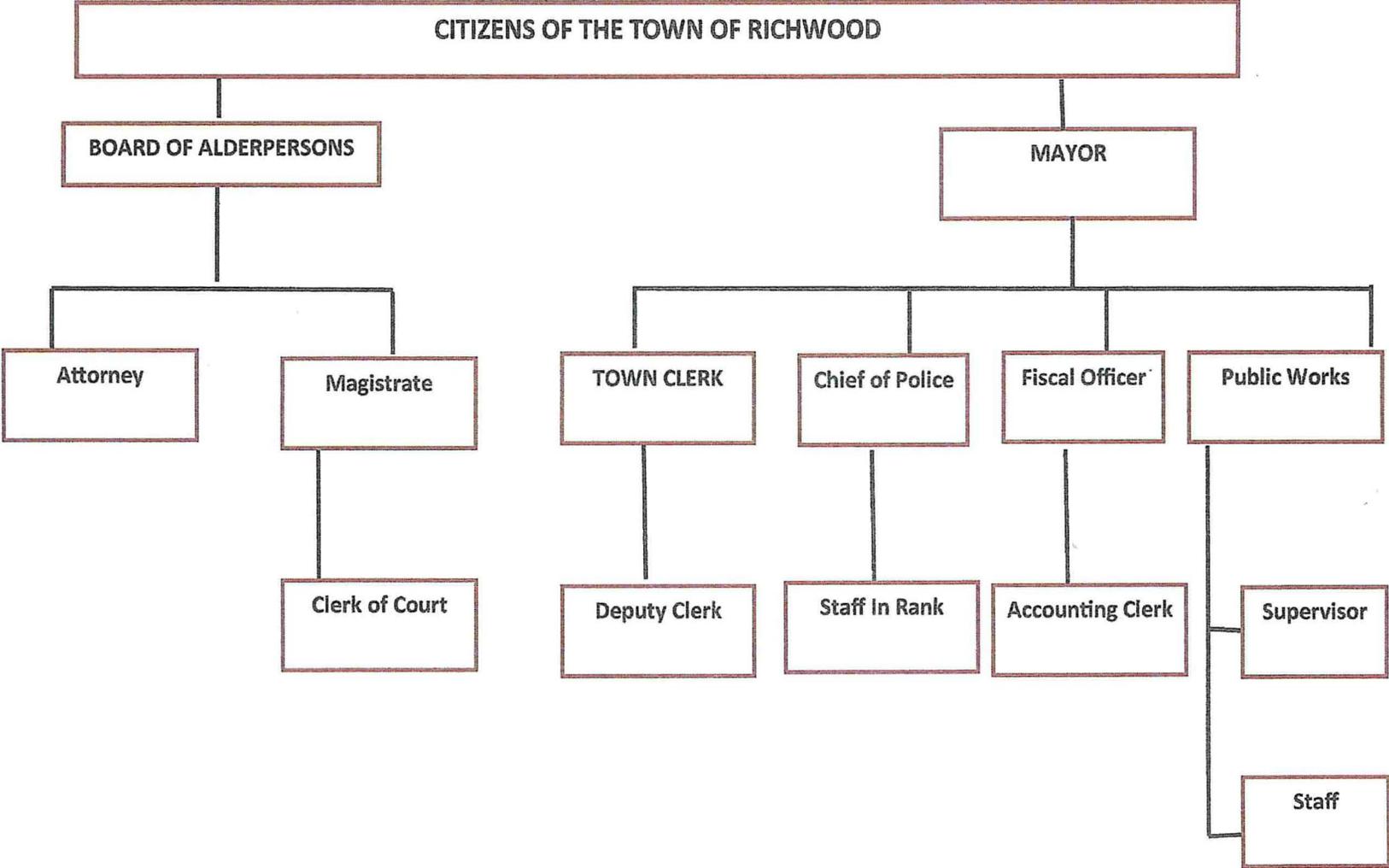
Attorney	Jay Nolen
Judge	Bobby Manning
Town Clerk	Bettina Woods
Chief of Police	Johnny Cleveland

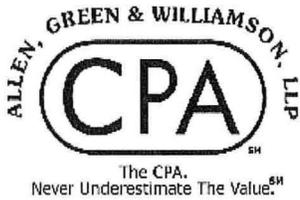
Personnel

Fiscal Officer	Maria Sims
Deputy Clerk	Charlette Rainwater
Code Enforcement	Chillon Johnson
Police Officer	Audiwan Madison
Police Officer	Shumekia Washington
Police Officer	Anquez Henderson
Police Officer	Jeremy Powell
Public Works Supervisor	Ricky Willis
Public Works	Ronnie Lawson
Public Works	Henry Best
Public Works	Lawrence Potter
Public Works	Theodore Washington
Public Works	Rufus Ward

# TOWN OF RICHWOOD

## ORGANIZATIONAL CHART





# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

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Margie Williamson, CPA  
Jennie Henry, CPA, CFE

Supervisor: Sandra Harper, CPA, CFE

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Board of Alderpersons  
Town of Richwood  
Richwood, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Richwood, Louisiana, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Richwood, Louisiana, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

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

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

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

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

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

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions to Pension Plan, notes to the required supplementary information for pensions, and the budgetary comparison schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Richwood's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

*Allen Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana  
December 31, 2025

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**REQUIRED SUPPLEMENTARY INFORMATION:**

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS (MD&A)**

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**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

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Our discussion and analysis of the Town of Richwood, Louisiana's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is designed to: 1) Assist the reader in focusing on significant financial issues; 2) Identify changes in the Town's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated because of this year's operations; 3) Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and 4) Identify individual fund issues or concerns.

As management of the Town, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

### **FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the Town's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$3.7 million.
- During the year, the revenues of the Town's governmental activities exceeded expenses by \$331 thousand. Last year, revenues exceeded expenses by \$855 thousand.
- The Town's total revenue was \$292 thousand less than the prior year. A \$361 thousand decrease occurred in governmental activities, offset by a \$69 thousand increase in business-type activities.
- The total cost of all of the Town's governmental activities programs was approximately \$1.7 million.
- During the year, the revenues of the Town's business-type activities were more than expenses by \$18 thousand.

### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements for governmental activities tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

### **Reporting the Town as a Whole**

One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

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These two statements report the Town's net position and changes in them. You can think of the Town's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Town's financial health, or financial position.

Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

- **Governmental activities** – Most of the Town's basic services are reported here, including the police, public works, sanitation and health, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer system is reported here.

### **Reporting the Town's Most Significant Funds**

The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law and by bond covenants. However, the Town establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like sales taxes restricted for specific use). The Town's two kinds of funds –*governmental* and *proprietary* use different accounting approaches.

- **Governmental funds** – Most of the Town's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Town's fund balances by law, creditors, Town council, and the Town's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.
- **Proprietary funds** – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

**THE TOWN AS A WHOLE**

The Town's combined net position increased by \$349 thousand. In contrast, last year's net position increased by \$742 thousand. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**(Table 1)**  
**Net Position**  
**June 30**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current and other assets	\$ 2,916,008	\$ 3,031,257	\$ 194,817	\$ 198,749	\$ 3,110,825	\$ 3,230,006
Restricted assets	131,567	132,155	-	-	131,567	132,155
Capital assets	1,993,693	1,839,081	68,312	115,861	2,062,005	1,954,942
Total assets	5,041,268	5,002,493	263,129	314,610	5,304,397	5,317,103
Total deferred outflows of resources	157,601	184,839	-	-	157,601	184,839
<b>Liabilities</b>						
Current and other liabilities	413,121	681,682	1,200	70,815	414,321	752,497
Long-term liabilities	1,070,564	1,139,140	-	-	1,070,564	1,139,140
Total liabilities	1,483,685	1,820,822	1,200	70,815	1,484,885	1,891,637
Total deferred inflows of resources	18,687	603	-	-	18,687	603
<b>Net Position</b>						
Net investment in capital assets	1,503,947	1,265,260	68,312	115,861	1,572,259	1,381,121
Restricted	294,736	209,015	-	-	294,736	209,015
Unrestricted	1,897,814	1,891,632	193,617	127,934	2,091,431	2,019,566
Total net position	\$ 3,696,497	\$ 3,365,907	\$ 261,929	\$ 243,795	\$ 3,958,426	\$ 3,609,702

One portion of the Town of Richwood's net position totaling approximately \$1.5 million reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Town of Richwood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Richwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Governmental Activities – Net Position**

Unrestricted net position of governmental activities increased \$6 thousand.

**Business-type Activities – Net Position**

Unrestricted net position of business type activities increased \$66 thousand.

Our analysis that follows separately considers the operations of governmental and business-type activities.

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**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

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**Governmental activities**

The total revenues for governmental activities decreased by \$361 thousand when compared to prior year revenues, with a decrease in grants and contributions not restricted to a program of \$353 thousand. This decrease is due to no longer having a deposit of American Rescue Plan funds and no insurance claim funds being collected.

Overall governmental expenses were \$163 thousand more than last year's expenses, with general and administrative expenses showing the largest increase of \$222 thousand. The increase in expenses is due to higher prices for fuel, materials, insurance, and supplies. Construction projects on public works and multi-purpose buildings are factors as well. Maintenance costs tend to rise each year as well.

**Business-type activities**

This year, revenues exceeded expenses for business-type activities by \$18 thousand. Last year, the expenses exceeded revenues by \$113 thousand. The decrease in expenses is related to energy saving measures lowering utility costs at the multi-purpose building, reduced overtime, and some equipment purchases completed.

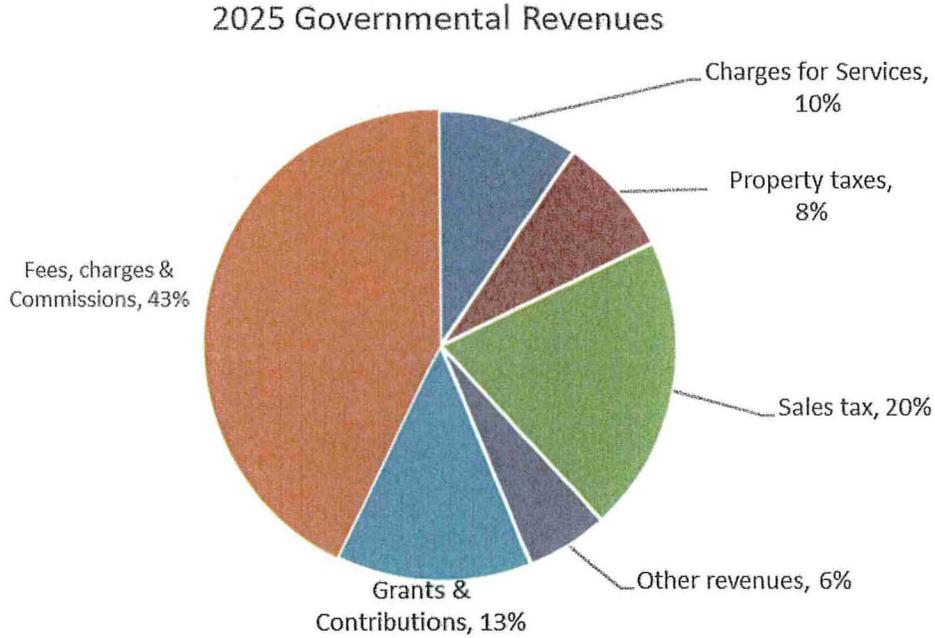
**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

**(Table 2)**  
**Changes in Net Position**  
**For the Year Ended June 30**

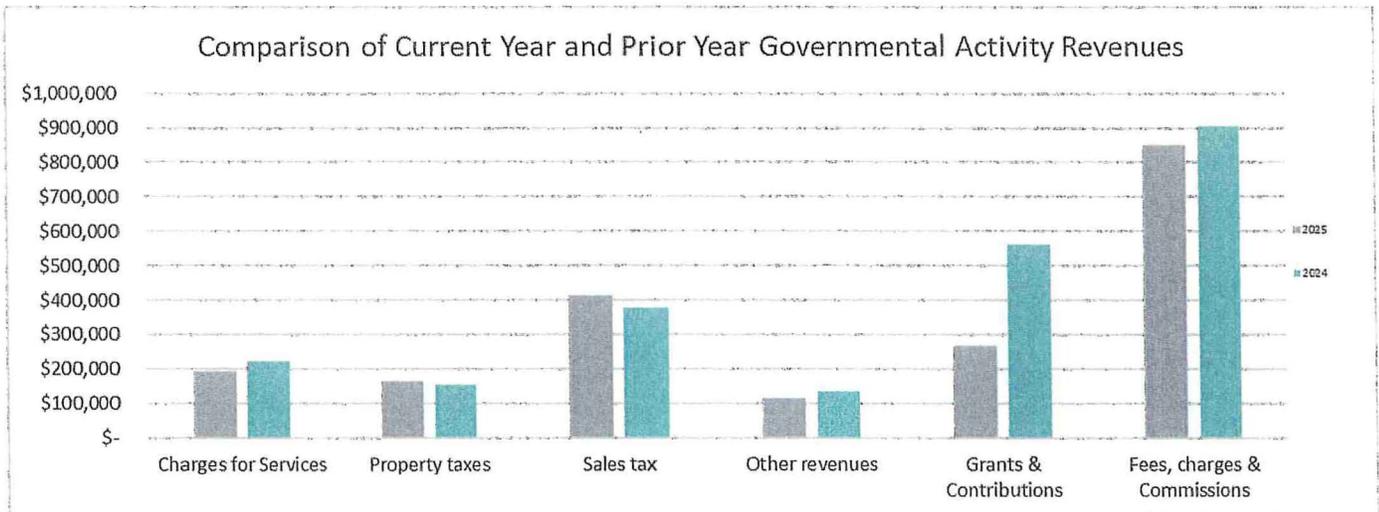
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 191,990	\$ 223,048	\$ 21,002	\$ 23,579	\$ 212,992	\$ 246,627
Operating grants and contributions	12,735	3,043	-	-	12,735	3,043
General revenues						
Property taxes	164,957	155,531	-	-	164,957	155,531
Sales tax	411,568	378,133	-	-	411,568	378,133
Other taxes, penalties and interest	72,615	66,134	-	-	72,615	66,134
License and permits	22,443	19,108	-	-	22,443	19,108
Grants and contributions not restricted to a program	267,051	562,339	-	-	267,051	562,339
Fees, charges and commissions	848,759	906,139	-	-	848,759	906,139
Earnings on investments	49,789	31,792	977	-	50,766	31,792
Miscellaneous	26,771	13,728	-	-	26,771	13,728
Transfers	(70,815)	-	70,815	-	-	-
<b>Total Revenues</b>	<u>1,997,863</u>	<u>2,358,995</u>	<u>92,794</u>	<u>23,579</u>	<u>2,090,657</u>	<u>2,382,574</u>
<b>Functions/Program Expenses:</b>						
Governmental activities						
General and administrative	986,748	764,652	-	-	986,748	764,652
Police department	310,180	364,529	-	-	310,180	364,529
Sanitation and health	94,467	88,662	-	-	94,467	88,662
Public Works	238,924	254,043	-	-	238,924	254,043
Interest expense	36,954	32,127	-	-	36,954	32,127
Business-type activities						
Sewer enterprise	-	-	74,660	137,050	74,660	137,050
<b>Total Functions/Program Expenses</b>	<u>1,667,273</u>	<u>1,504,013</u>	<u>74,660</u>	<u>137,050</u>	<u>1,741,933</u>	<u>1,641,063</u>
<b>Increase (decrease) in net position</b>	330,590	854,982	18,134	(113,471)	348,724	741,511
<b>Net position - beginning</b>	<u>3,365,907</u>	<u>2,510,925</u>	<u>243,795</u>	<u>357,266</u>	<u>3,609,702</u>	<u>2,868,191</u>
<b>Net position - ending</b>	<u>\$ 3,696,497</u>	<u>\$ 3,365,907</u>	<u>\$ 261,929</u>	<u>\$ 243,795</u>	<u>\$ 3,958,426</u>	<u>\$ 3,609,702</u>

**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

The following chart displays the various types of governmental activity revenues and their respective percentage of total governmental activity revenues received as of June 30, 2025:

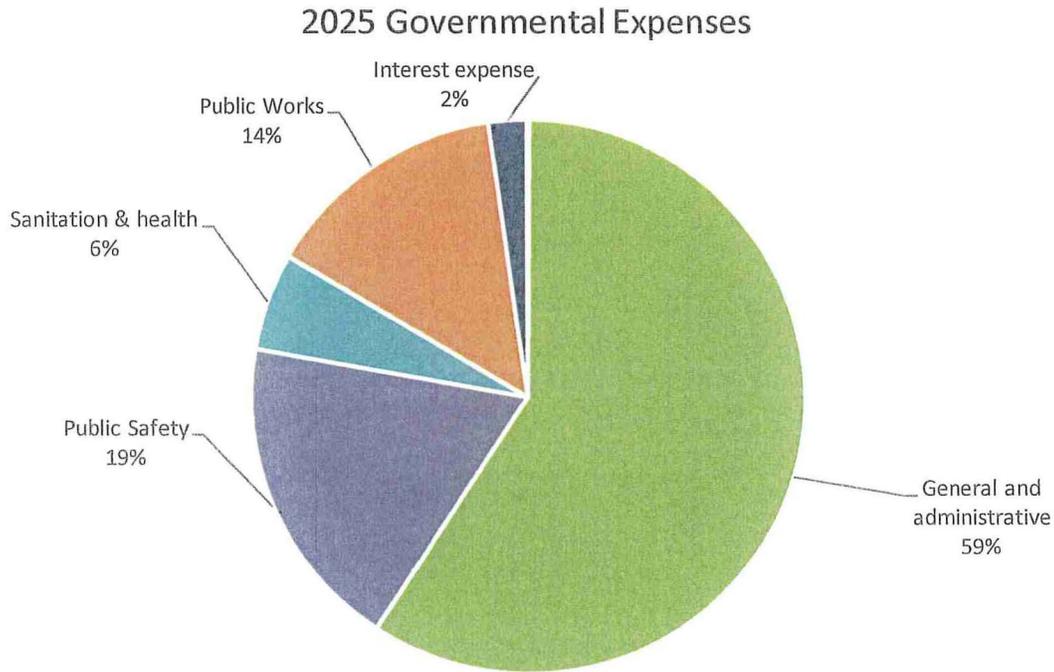


The chart below compares governmental activity revenues of the current year to the prior year.

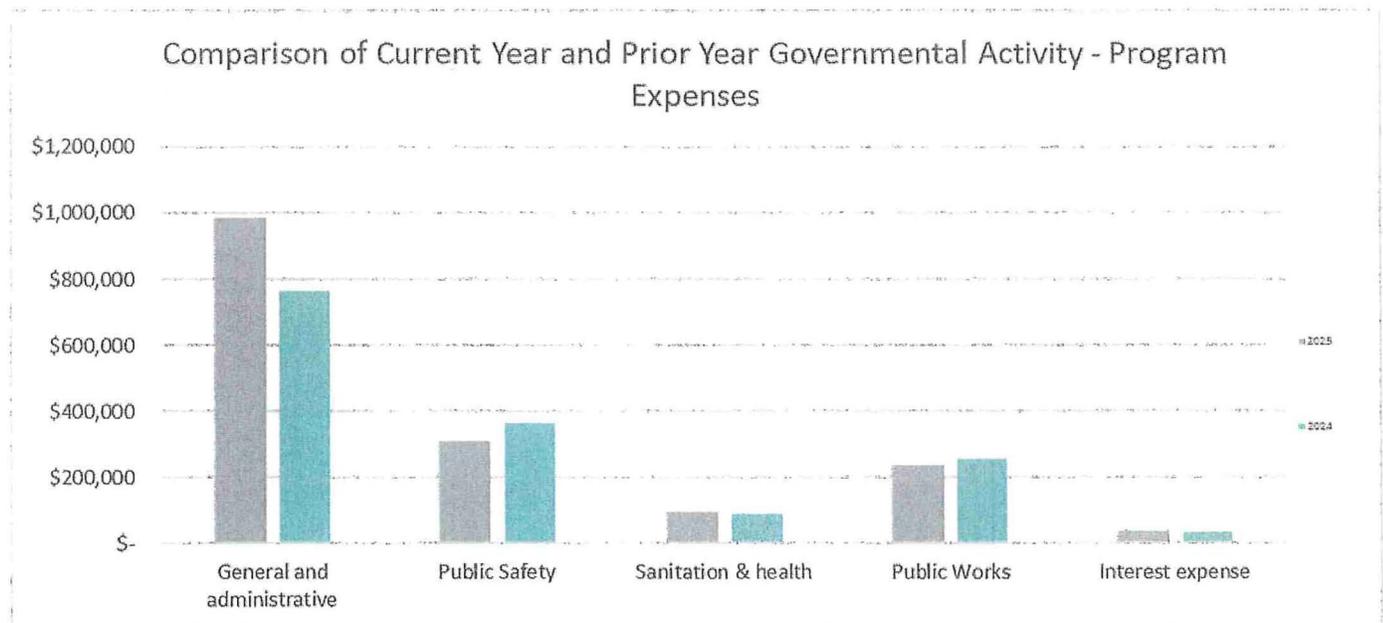


**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

The following chart displays the various types of governmental activity expenses and their respective percentage of total governmental expense received as of June 30, 2025:



The Town's largest program expenses during the current year were general and administrative and public safety which are 59% and 19% of the total governmental-type program expense in the current year, respectively. The chart below compares program expenses of the current year to the prior year.



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**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

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**THE TOWN'S FUNDS**

**Governmental funds** - The focus of the Town of Richwood's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Richwood's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As the Town completed the year, its governmental funds reported a combined fund balance of \$2,643,360, increasing by \$150 thousand. This increase in fund balance is due to an increase in general fund and transportation fund balances.

**General Fund** - Revenues decreased less than \$100 compared to the prior year.

Expenditures increased \$213 thousand which is mainly due to construction projects at multi-purpose building and at public works building along with police vehicle purchases, and IT/Technology updates.

**American Rescue Plan** - Revenues are recognized in this fund as funds are expended. This fund reported revenues and expenditures and other financing uses of \$253,457 due to infrastructure and street improvements. The fund earned interest of \$2,536 which is reflected in fund balance.

**Proprietary funds** - The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer Utility fund reported an increase in net position of \$18,134 for the year with an ending net position of \$261,929.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget was adopted in June 2024. The amended budget was adopted in May 2025. Actual amounts available for appropriation exceeded budgeted amounts by \$113 thousand which is mainly due to loan proceeds of \$45 thousand, sales tax of \$62 thousand, and interest revenue of \$47 thousand. Actual charges to appropriations exceeded budgeted charges to appropriations by \$37 thousand. Actual charges for police, sanitation and health, and public works exceeded budgeted charges. Budgetary Fund Balance, ending saw a favorable increase of \$75 thousand for the year more than budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of June 30, 2025, the Town had \$2,062,005 net invested in capital assets including police equipment, buildings, and sewer equipment. This amount represents an increase of approximately \$107 thousand in investments in capital assets.

**Town of Richwood**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

**Town of Richwood's Capital Assets at Year-end**  
**June 30, 2025**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 99,500	\$ 99,500	\$ -	\$ -	\$ 99,500	\$ 99,500
Construction in Progress	36,292	702,765	-	-	36,292	702,765
Buildings	943,700	943,700	-	-	943,700	943,700
Building improvements	175,044	74,394	-	-	175,044	74,394
Furniture & equipment	512,049	469,306	-	-	512,049	469,306
Infrastructure	1,106,818	333,238	1,834,244	1,834,244	2,941,062	2,167,482
Other improvements	318,706	318,706	-	-	318,706	318,706
Vehicles	179,128	94,143	-	-	179,128	94,143
Total capital assets	<u>3,371,237</u>	<u>3,035,752</u>	<u>1,834,244</u>	<u>1,834,244</u>	<u>5,205,481</u>	<u>4,869,996</u>
Accumulated depreciation	<u>(1,377,544)</u>	<u>(1,196,671)</u>	<u>(1,765,932)</u>	<u>(1,718,383)</u>	<u>(3,143,476)</u>	<u>(2,915,054)</u>
Net capital assets	<u>\$ 1,993,693</u>	<u>\$ 1,839,081</u>	<u>\$ 68,312</u>	<u>\$ 115,861</u>	<u>\$ 2,062,005</u>	<u>\$ 1,954,942</u>

Current year additions included building improvements (public works and multi-purpose building remodels, police vehicles, technology updates and infrastructure improvements).

**Debt**

At June 30, 2025 long term debt for the Town included the following:

	Governmental Activities	
	2025	2024
Loan Payable	\$ 320,000	\$ 415,000
Note Payable	172,530	162,625
Total Debt	<u>\$ 492,530</u>	<u>\$ 577,625</u>

More detailed information about the Town's long-term liabilities is presented in Note 11 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Budget figures for the new fiscal year are based on efforts to stimulate the economy through the increase of economic development activities. In reference to sales tax collections, a conservative budget proposal was applied. The Town will maintain the high service levels for fiscal year 2025/2026 without any major rate and service fee increases in the near future. Personnel expenditures continue to rise with anticipated additions to public works and police departments.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Town Clerk's office at 2710 Martin Luther King Drive, Richwood, Louisiana.

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

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**TOWN OF RICHWOOD**  
**STATEMENT OF NET POSITION**  
**June 30, 2025**

Statement A

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,706,609	\$ 257,149	\$ 2,963,758
Restricted assets:			
Investments	131,567	-	131,567
Receivables, net	137,195	-	137,195
Internal balances	62,332	(62,332)	-
Prepaid items	9,872	-	9,872
Capital assets:			
Land and construction in progress	135,792	-	135,792
Depreciable assets, net of depreciation/ amortization	1,857,901	68,312	1,926,213
<b>TOTAL ASSETS</b>	<b>5,041,268</b>	<b>263,129</b>	<b>5,304,397</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	157,601	-	157,601
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>157,601</b>	<b>-</b>	<b>157,601</b>
<b>LIABILITIES</b>			
Accounts and other payables	137,873	1,200	139,073
Interest payable	8,906	-	8,906
Unearned revenue	266,342	-	266,342
Noncurrent liabilities:			
Due within one year:			
Loan, net and compensated absences	151,411	-	151,411
Due in more than one year:			
Loan, net and compensated absences	472,551	-	472,551
Net pension liability	446,602	-	446,602
<b>TOTAL LIABILITIES</b>	<b>1,483,685</b>	<b>1,200</b>	<b>1,484,885</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	18,687	-	18,687
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>18,687</b>	<b>-</b>	<b>18,687</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,503,947	68,312	1,572,259
Restricted for:			
Debt service	131,567	-	131,567
Transportation program	160,633	-	160,633
Grants	2,536	-	2,536
Unrestricted	1,897,814	193,617	2,091,431
<b>TOTAL NET POSITION</b>	<b>\$ 3,696,497</b>	<b>\$ 261,929</b>	<b>\$ 3,958,426</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-Type Activities	TOTAL
<i>Governmental activities:</i>						
General and administrative	\$ 986,748	\$ 44,747	\$ -	\$ (942,001)	\$ -	\$ (942,001)
Public safety	310,180	48,361	-	(261,819)	-	(261,819)
Sanitation and health	94,467	98,882	-	4,415	-	4,415
Public works	238,924	-	12,735	(226,189)	-	(226,189)
Interest expense	36,954	-	-	(36,954)	-	(36,954)
Total Governmental Activities	1,667,273	191,990	12,735	(1,462,548)	-	(1,462,548)
<i>Business-type activities:</i>						
Sewer activities	74,660	21,002	-	-	(53,658)	(53,658)
Total Business-Type Activities	74,660	21,002	-	-	(53,658)	(53,658)
Total	\$ 1,741,933	\$ 212,992	\$ 12,735	(1,462,548)	(53,658)	(1,516,206)
General Revenues and transfers:						
General revenues:						
Property taxes levied for general purposes				164,957	-	164,957
Sales and use tax revenue				411,568	-	411,568
Franchise taxes				72,615	-	72,615
Licenses and permits				22,443	-	22,443
Grants and contributions not restricted to a specific program				267,051	-	267,051
Fees, charges, and commissions				848,759	-	848,759
Interest earnings				49,789	977	50,766
Miscellaneous				26,771	-	26,771
Transfers				(70,815)	70,815	-
Total general revenues and transfers				1,793,138	71,792	1,864,930
Changes in net position				330,590	18,134	348,724
Net position - beginning				3,365,907	243,795	3,609,702
Net position - ending				\$ 3,696,497	\$ 261,929	\$ 3,958,426

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BASIC FINANCIAL STATEMENTS:  
FUND FINANCIAL STATEMENTS (FFS)**

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TOWN OF RICHWOOD

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2025

Statement C

	SPECIAL REVENUE			TOTAL
	GENERAL	TRANSPORTATION	AMERICAN RESCUE PLAN	
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 2,195,603	\$ 62,052	\$ 448,954	\$ 2,706,609
Restricted Assets:				
Investments	131,567	-	-	131,567
Receivables	137,195	-	-	137,195
Interfund receivables	133,147	98,581	-	231,728
Prepaid items	9,872	-	-	9,872
<b>TOTAL ASSETS</b>	<b>2,607,384</b>	<b>160,633</b>	<b>448,954</b>	<b>3,216,971</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Accounts and other payables	127,193	-	10,680	137,873
Unearned revenue	-	-	266,342	266,342
Interfund payables	-	-	169,396	169,396
<b>TOTAL LIABILITIES</b>	<b>127,193</b>	<b>-</b>	<b>446,418</b>	<b>573,611</b>
<b>FUND BALANCES:</b>				
Restricted for debt service	131,567	-	-	131,567
Restricted for transportation program	-	160,633	-	160,633
Restricted for grants	-	-	2,536	2,536
Unassigned	2,348,624	-	-	2,348,624
<b>TOTAL FUND BALANCES</b>	<b>2,480,191</b>	<b>160,633</b>	<b>2,536</b>	<b>2,643,360</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,607,384</b>	<b>\$ 160,633</b>	<b>\$ 448,954</b>	<b>\$ 3,216,971</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF RICHWOOD**

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position  
June 30, 2025**

**Statement D**

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

Total fund balances - governmental funds		\$ 2,643,360
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The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Town as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$ 3,371,237	
Accumulated depreciation	<u>(1,377,544)</u>	
		1,993,693

Deferred outflows of resources are not available to pay current period expenditures and deferred inflows of resources are not due and payable in the current period, therefore, neither are reported in the governmental funds.

Deferred outflows related to pensions	\$ 157,601	
Deferred inflows related to pensions	<u>(18,687)</u>	
		138,914

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2025 are:

Accrued interest payable	\$ 8,906	
Loan, net of discount	489,746	
Compensated absences payable	134,216	
Net pension liability	<u>446,602</u>	
		<u>(1,079,470)</u>

Net position - governmental activities		<u><u>\$ 3,696,497</u></u>
--	--	----------------------------

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 2025

Statement E

	SPECIAL REVENUE			TOTAL
	GENERAL	TRANSPORTATION	AMERICAN RESCUE PLAN	
REVENUES				
Taxes:				
Ad valorem	\$ 164,957	\$ -	\$ -	\$ 164,957
Sales and use	411,568	-	-	411,568
Other taxes, penalties, and interest	72,615	-	-	72,615
Licenses and permits	58,630	-	-	58,630
Intergovernmental revenues	26,329	-	253,457	279,786
Fees, charges and commissions for services	947,641	-	-	947,641
Use of money and property	55,463	350	2,536	58,349
Fines and forfeitures	48,361	-	-	48,361
Miscellaneous revenues	27,247	-	-	27,247
<b>TOTAL REVENUES</b>	<b>1,812,811</b>	<b>350</b>	<b>255,993</b>	<b>2,069,154</b>
EXPENDITURES				
Current:				
General and administrative	856,088	476	5,000	861,564
Police department	335,775	-	-	335,775
Sanitation and health	89,919	-	-	89,919
Public works	242,935	-	-	242,935
Capital outlay	100,650	-	93,743	194,393
Debt service:				
Principal retirement	130,080	-	-	130,080
Interest and bank charges	38,484	-	-	38,484
<b>TOTAL EXPENDITURES</b>	<b>1,793,931</b>	<b>476</b>	<b>98,743</b>	<b>1,893,150</b>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	18,880	(126)	157,250	176,004
OTHER FINANCING SOURCES (USES)				
Transfers in	-	83,899	-	83,899
Transfers out	-	-	(154,714)	(154,714)
Loan proceeds	44,985	-	-	44,985
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>44,985</b>	<b>83,899</b>	<b>(154,714)</b>	<b>(25,830)</b>
Net Change in Fund Balances	63,865	83,773	2,536	150,174
FUND BALANCES - BEGINNING	2,416,326	76,860	-	2,493,186
FUND BALANCES - ENDING	\$ 2,480,191	\$ 160,633	\$ 2,536	\$ 2,643,360

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF RICHWOOD**

**GOVERNMENTAL FUNDS**

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2025**

**Statement F**

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

Total net change in fund balances - governmental funds	\$	150,174
--	----	---------

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

Capital outlays	\$	335,485	
Depreciation/amortization expense		<u>(180,873)</u>	
			154,612

The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.		(48,153)
---	--	----------

The issuance of long-term debt provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental funds but increases or reduces long-term liabilities respectively in the Statement of Net Position.

Repayment of Debt	\$	130,080	
Issuance of Long-Term Debt		<u>(44,985)</u>	
			85,095

In the Statement of Activities, certain operating expenses - compensated absences (vacation leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(12,668)
--	--	----------

Other expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported in governmental funds:

Amortization of loan discount	\$	(1,020)	
Accrued interest on long-term debt		<u>2,550</u>	
			<u>1,530</u>

Change in net position of governmental activities	\$	<u><u>330,590</u></u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD  
 PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 Statement of Net Position  
 June 30, 2025

Statement G

**SEWER UTILITY  
 FUND**

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 257,149
Interfund receivables	70,815
Total current assets	327,964
NONCURRENT ASSETS:	
Capital Assets:	
Depreciable assets, net of depreciation	68,312
Total noncurrent assets	68,312
TOTAL ASSETS	396,276
LIABILITIES	
CURRENT LIABILITIES :	
Accounts and other payables	1,200
Interfund payables	133,147
Total current liabilities	134,347
TOTAL LIABILITIES	134,347
NET POSITION	
Net investment in capital assets	68,312
Unrestricted	193,617
TOTAL NET POSITION	\$ 261,929

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

PROPRIETARY FUND TYPE - ENTERPRISE FUND  
 Statement of Revenues, Expenses,  
 and Changes in Fund Net Position  
 For the Year Ended June 30, 2025

	Statement H
	<u>SEWER UTILITY FUND</u>
OPERATING REVENUES	
Charges for services:	
Sewerage	\$ 21,002
Total operating revenues	<u>21,002</u>
OPERATING EXPENSES	
Repairs and maintenance	27,111
Depreciation/amortization	<u>47,549</u>
Total operating expenses	<u>74,660</u>
OPERATING INCOME (LOSS)	(53,658)
NONOPERATING REVENUES/EXPENSES	
Interest income	<u>977</u>
Income (Loss) before capital contributions and transfers	(52,681)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Transfers in	<u>70,815</u>
CHANGE IN NET POSITION	<u>18,134</u>
NET POSITION (Deficit) - BEGINNING	<u>243,795</u>
NET POSITION (Deficit) - ENDING	<u>\$ 261,929</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**TOWN OF RICHWOOD**  
**PROPRIETARY FUND TYPE - ENTERPRISE FUND**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2025**

	<b>Statement I</b>
	<b>SEWER UTILITY FUND</b>
CASH FLOW (USES) FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 21,002
Receipts from other operating activities	102,726
Payments to employees	-
Payments to others	<u>(96,726)</u>
Net cash provided by (used for) operating activities	<u>27,002</u>
CASH FLOW (USES) FROM INVESTING ACTIVITIES	
Earnings on investments	<u>977</u>
Net cash provided by (used for) investing activities	<u>977</u>
Net increase (decrease) in cash and cash equivalents	27,979
CASH AND CASH EQUIVALENTS - BEGINNING	<u>229,170</u>
CASH AND CASH EQUIVALENTS - ENDING	<u><u>\$ 257,149</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (53,658)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation/amortization	47,549
Loss on disposal of capital assets	
Increase (decrease) in accounts and other payables	(69,615)
Increase (decrease) in interfund payable	<u>102,726</u>
Net cash provided by (used for) operating activities	<u><u>\$ 27,002</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

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**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Richwood, Louisiana (the Town) was incorporated on December 31, 1974 under the provisions of Louisiana Revised Statutes 33:321-463. The Town is located in Ouachita Parish. Elected officials of the Town of Richwood are a mayor and five (5) alderpersons who all serve four-year terms. The affairs of the Town are conducted and managed by the mayor and board of alderpersons. The Town provides public safety, garbage collection, street maintenance, drainage maintenance, and other health and welfare services, in addition to the administrative services provided to its residents.

The accompanying financial statements of the Town of Richwood 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.

**A. Reporting Entity**

The Town is considered a separate governmental reporting entity because it has a separately elected governing body and is legally separate and fiscally independent. For financial reporting purposes, the Town's financial statements include all funds for which the Town is financially accountable.

**B. Basis of Accounting and Measurement Focus**

***Government-wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the Town has an enforceable legal claim to the revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows.

General Revenues General revenues included in the Statement of Activities derive directly from local property and sales taxes, interest and investment earnings, unrestricted state and local grants, and other miscellaneous revenues. General revenues finance the remaining balance of a function not covered by program revenues.

Program Revenues Program revenues included in the Statement of Activities include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expenses The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

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**Fund Financial Statements (FFS)**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The emphasis in fund financial statements is on the major funds in both the governmental and business-type activities categories. Nonmajor funds by category are summarized into a single column.

The following fund types are used by the Town:

1. Governmental funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available.”) “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when they mature.

With this measurement focus, only current assets, current liabilities and current deferred outflows/inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net position. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

- Ad valorem taxes (property) are recorded in the year they are assessed. Property taxes are assessed on a calendar-year basis and become due on December 31 of each year and become delinquent on January 1st. The taxes are normally collected in December, January, and February of the current year.
- Sales taxes are recognized when received by the Town’s collections agent, the City of Monroe.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end.)
- Fines, forfeitures, licenses, and permits are considered measurable and available when they are collected.
- Interest income on investments is recorded when earned and the income is available.
- Substantially all other revenue items are recorded when they are measurable and available to the Town.

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Expenditures

- All expenditures are recognized when the related fund liability has been incurred.

Other Financing Sources (Uses)

Sales of capital assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

The Town reports the following major governmental funds:

**General fund** – is the general operating fund of the Town. It accounts for all activities except those required to be accounted for in other funds.

**Transportation fund** – accounts for the State of Louisiana’s parish transportation program.

**American Rescue Plan fund** - accounts for the receipt and use of the Coronavirus State & Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021.

2. Proprietary funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

*Operating Revenues and Expenses* Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are fees collected for sewer services provided to the citizens of the Town. Non-operating revenues are revenues that are not derived from sewer services such as earnings on investments. Proprietary Fund Type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating expenses are costs of providing these services such as maintenance and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary fund:

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

**C. Deposits and Investments**

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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For purposes of the statements of cash flows, cash and cash equivalents includes demand deposits and are stated at cost.

Louisiana Revised Statute R.S. 33:2955 and the Town's investment policy govern the types of allowable securities to be purchased by the Town. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

**D. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

**E. Elimination and Reclassification**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

**F. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Infrastructure	25-40 years
Buildings	15-20 years
Buildings improvements	10-20 years
Furniture and fixtures	5-10 years
Vehicles	5-15 years

**G. Deferred Outflows/Inflows of Resources**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Statement of Net Position reports the Town's proportionate share of the deferred outflows of resources related to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Statement of Net Position reports the Town's proportionate share of the deferred inflows of resources related to pensions.

**H. Unearned Revenue**

The Town reports unearned revenue on its Statement of Net Position and on the Fund Financial Statements' balance sheet. Unearned revenue will arise when the Town receives resources before qualifying events have occurred to allow it to be recognized as revenue at the end of the current period, as when grant monies are received and available to spend in the current period but cannot be recognized as revenue until the qualifying expenditures are incurred in accordance with GAAP. In subsequent periods, when the qualifying expenditures are incurred, the liability for unearned revenue is removed from the Governmental Fund's Fund Financial Statements' balance sheet and the revenue is recognized as earned.

**I. Interfund Activity**

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation to the Government-wide Financial Statements. Reimbursements occur between funds when one fund incurs a cost that benefits another fund, and the benefiting fund reimburses the fund incurring the cost for the benefit received. All other interfund transactions are treated as transfers. Transfers made between governmental and proprietary funds are eliminated as part of the reconciliation to the Government-wide Financial Statements.

**J. Compensated Absences**

Employees earn one to five weeks of vacation leave annually, depending upon length of service. The Town's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave up to 365 days.

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Upon termination, employees are paid for vacation time accrued. The entire accrued vacation liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The Town's policy regarding sick time permits full-time employees to accrue sick leave at the rate of one to three weeks per year, depending on length of service. Sick time may be carried over from year to year up to a limit of 365 days. Upon termination or retirement, the employee will be reimbursed for his/her accrued sick leave at his/her regular hourly rate of pay. The liability for sick leave accrual is recorded as long-term debt in the Government-Wide Financial Statements.

#### **K. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond and loan premiums and discounts, as well as issuance costs, are recognized in the period the bonds and loans are issued. Deferred gains on refunding are capitalized and amortized over the life of the refunding only in the governmental activities.

In the fund financial statements, governmental fund types recognize bond and loan premiums and discounts, as well as bond and loan issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payment of principal and interest are reported as debt service expenditures.

#### **L. Restricted Net Position**

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restrictions are imposed by law through constitutional provision or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

#### **M. Fund Equity of Fund Financial Statements**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance - amounts that are not in a spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors,

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bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- c. Committed fund balance - amounts constrained to specific purposes determined by the Town itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest-level action to remove or change the constraint. The Town Board of Alderpersons establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution.
- d. Assigned fund balance - amounts that the Town intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance is established by the Board of Alderpersons through adoption or amendment of the budget as intended for specific purpose.
- e. Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General fund. The Town has not adopted a policy to maintain the General fund's unassigned fund balance above a certain minimum level.

The Town reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Town considers restricted amounts to have been spent when an expenditure has been incurred for purposes for which both restricted and unrestricted fund balance are available.

**N. Estimates**

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

**O. Pension Plans**

The Town is a participating employer in a cost-sharing, multiple employer, defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plans fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budget Information**

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

- a) The Mayor prepares a proposed budget and submits same to the Board no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time a public hearing is called.

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- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) 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.
- e) The Mayor must advise the Board when (i) total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet budgeted revenues and other sources by 5% or more; (ii) total expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more; and (iii) actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5% or more and fund balance is being used to fund current year expenditures. The Board is responsible for adopting amended budgets on a timely basis.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

There was no budget adoption for the transportation special revenue fund.

**Excess of Expenditures Over Appropriations in Individual Funds** The following fund had actual expenditures over budgeted expenditures for the year ended June 30, 2025:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 1,756,913	\$ 1,793,931	\$ (37,018)

**NOTE 3 - DEPOSITS AND INVESTMENTS**

***Deposits***

Deposits are stated at cost, which approximates fair market value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits, may not be returned to it. As of June 30, 2025, the Town had a bank balance total of \$2,972,164, in which \$2,639,366 was exposed to custodial credit risk. Even though the pledged securities are considered uncollateralized under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town's policy does not address custodial credit risk.

Interest Rate Risk: The Town's policy does not address interest rate risk.

***Investments***

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

At June 30, 2025 the Town had assets in money market mutual instruments managed by a financial institution. The

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accounts had a fair value of \$131,567 and was determined using quoted prices in active markets for identical investments (level 1).

Interest Rate Risk: The Town’s policy does not address interest rate risk.

Credit Risk: The Town’s policy does not address credit risk. The money market mutual funds are unrated.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town’s investments of \$131,567 are registered in the Town’s name held by the trust departments of the financial institutions. The Town’s policy does not address custodial credit risk.

**NOTE 4 - AD VALOREM TAXES**

The Town levies property taxes on real and business property located within the Town’s boundaries. Property taxes are levied by the Town on property values assessed by the Ouachita Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The Ouachita Parish Tax Assessor prepares tax statements for the Town. Ad valorem taxes were levied July 18, 2024 with a due date and collection date of December 31, 2024 and a lien date of January 1, 2025.

The following is a summary of authorized and levied property taxes:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund Operations	6.31	6.26	Statutory
Police operations & recreation facilities	20.85	20.69	2028

**NOTE 5 - SALES TAXES**

The Town was authorized in 1986 to levy a 2% sales-based tax for the purpose of providing funds for any lawful purpose.

**NOTE 6 - RECEIVABLES** The following is a summary of receivables at June 30, 2025:

<u>Class of Receivables</u>	<u>General</u>
<u>Governmental Activities:</u>	
General Funds:	
Taxes:	
Sales & use	\$ 80,105
Garbage collections	12,078
Charitable gaming	27,950
Franchise fees	13,830
LA Clean Up grant	2,830
Court fines	388
Property taxes	14
Total	<u>\$ 137,195</u>

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**NOTE 7 - INTERFUND TRANSACTIONS/BALANCES**

Individual balances due from/to other funds at June 30, 2025, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 133,147
Transportation	American Rescue Plan	98,581
Sewer Fund	American Rescue Plan	<u>70,815</u>
		<u>\$302,543</u>

The Sewer Utility fund owes the General fund for sewer maintenance expenditures paid by the General fund during the prior year and the current year. The American Rescue Plan fund owes the Transportation and Sewer funds for capital expenditures paid in the prior year.

Interfund transfers in/out are as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	
Transportation	American Rescue Plan	\$ 83,899
Sewer Fund	American Rescue Plan	<u>70,815</u>
		<u>\$ 154,714</u>

The American Rescue Plan fund transfers are for capital expenditures paid by the other funds in the prior year.

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**NOTE 8 - CAPITAL ASSETS**

The changes in capital assets for the year ended June 30, 2025 are as follows:

	Balance Beginning	Additions	Deletions	Balance Ending
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 99,500	\$ -	\$ -	\$ 99,500
Construction in progress	702,765	207,757	874,230	36,292
Total capital assets, not being depreciated	<u>802,265</u>	<u>207,757</u>	<u>874,230</u>	<u>135,792</u>
Depreciable/amortizable assets:				
Buildings	943,700	-	-	943,700
Building Improvements	74,394	100,650	-	175,044
Furniture & Equipment	469,306	42,743	-	512,049
Infrastructure	333,238	773,580	-	1,106,818
Other Improvements	318,706	-	-	318,706
Vehicles	94,143	84,985	-	179,128
Total capital assets, being depreciated/amortized	<u>2,233,487</u>	<u>1,001,958</u>	<u>-</u>	<u>3,235,445</u>
Less: accumulated depreciation/amortization				
Buildings	(630,130)	(45,453)	-	(675,583)
Building Improvements	(23,962)	(6,440)	-	(30,402)
Furniture & Equipment	(198,957)	(60,721)	-	(259,678)
Infrastructure	(94,718)	(38,732)	-	(133,450)
Other Improvements	(201,364)	(8,299)	-	(209,663)
Vehicles	(47,540)	(21,228)	-	(68,768)
Total accumulated depreciation/amortization	<u>(1,196,671)</u>	<u>(180,873)</u>	<u>-</u>	<u>(1,377,544)</u>
Depreciable/amortizable capital assets, net	<u>1,036,816</u>	<u>821,085</u>	<u>-</u>	<u>1,857,901</u>
Total capital assets, net	<u>\$ 1,839,081</u>	<u>\$ 1,028,842</u>	<u>\$ 874,230</u>	<u>\$ 1,993,693</u>

Depreciation/amortization expense was charged to governmental activities as follows:

General and administrative	\$ 120,913
Police department	21,228
Public works	38,732
Total	<u>\$ 180,873</u>

	Balance Beginning	Additions	Deletions	Ending Balance
<b><u>Business-type activities:</u></b>				
Depreciable/amortizable assets:				
Sewer System	\$ 1,834,244	\$ -	\$ -	\$ 1,834,244
Less: accumulated depreciation				
Sewer System	<u>(1,718,383)</u>	<u>(47,549)</u>	<u>-</u>	<u>(1,765,932)</u>
Business-Type Capital Assets, net	<u>\$ 115,861</u>	<u>\$ (47,549)</u>	<u>\$ -</u>	<u>\$ 68,312</u>

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**NOTE 9 - ACCOUNTS AND OTHER PAYABLES**

The accounts and other payables at fiscal year ended June 30, 2025 are as follows:

Class of Payables	Governmental Activities		Business-type	Total
	General	American Rescue Plan	Sewer Utility Fund	
Accounts Payable	\$ 42,626	\$ 10,680	\$ 1,200	\$ 54,506
Payroll liabilities	56,454	-	-	56,454
Wages Payable	28,113	-	-	28,113
Total payable	<u>\$ 127,193</u>	<u>\$ 10,680</u>	<u>\$ 1,200</u>	<u>\$ 139,073</u>

**NOTE 10 - PENSION PLAN**

The Town is a participating employer in the Municipal Police Employees Retirement System (MPERS). This plan has a separate boards of trustees and administers a cost-sharing, multiple-employer defined benefit pension plan, including classes of employees with different benefits and contributions rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by this system to the State Legislature. The plan issues a public report that includes financial statements and required supplementary information. Copies of reports for MPERS may be obtained at [www.lampers.org](http://www.lampers.org).

**General Information about the Pension Plan**

**Plan Descriptions/Benefits Provided:**

MPERS provides retirement, disability, and survivor’s benefits to municipal police officers.

Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Membership Commencing January 1, 2013: A member’s eligibility for regular retirement, early retirement, disability and survivor benefits are based on hazardous duty and nonhazardous sub duty plans. Under the hazardous duty sub-plan, a member is eligible for regular retirement after he/she has been a member of the Plan and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the non-hazardous duty sub-plan,

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a member is eligible for regular retirement after he has been a member of the Plan and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the Plan for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under hazardous and non-hazardous duty sub-plans, 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.

Upon death of an active contributing member, or disability retiree, the Plan provides for surviving spouses and minor children.

*Cost of Living Adjustments*

MPERS's Board of Trustees are authorized by State statutes to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. A COLA may only be granted if available from interest earnings in excess of normal requirements, as determined by an actuary.

*Deferred Retirement Option Plan*

MPERS members are eligible to elect to enter the deferred retirement option plan (DROP) when he/she is eligible for regular retirement based on the member's plan participation. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the retirement plan shall resume and upon later termination, the member shall receive additional retirement benefit based on the additional service.

*Initial Benefit Option Plan*

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly benefit for life. Interest is computed on the balance based on the same criteria as DROP.

**Employer Contributions**

Each year the Louisiana Public Employee Retirement System Actuary Committee approves the contribution rates for employees and employers needed to fund 100% of the annual required contribution for both the current and unfunded portions of the net pension liability as required by state law for each state-sponsored retirement system plan. The Town pays 100% of the required annual contribution, as determined by eligible active employee wages, and contributions are funded from the same sources the related salaries are paid.

The contribution requirements of plan members and the Town are established and may be amended by state statute. According to state statute, contributions are determined by actuarial valuation and are subject to change each year

**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

based on the results of the valuation for the prior fiscal year. Employer contributions to the plan were \$55,758 with the following contribution rates:

	July 1, 2024 - June 30, 2025	
	Employee	Employer
<b>MPERS</b>		
Members hired prior to 1/1/2013	10.0%	35.6%
Hazardous Duty Members hired after 1/1/2013	10.0%	35.6%
Non Hazardous Duty Members hired after 1/1/2013	8.0%	35.6%
Members whose earnable compensation is less than poverty guidelines	7.5%	38.1%

*Non-employer Contributions*

MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$12,822 for MPERS was recognized as revenue during the fiscal year.

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

At June 30, 2025, the Town reported a liability of \$446,602 for its proportionate share of the MPERS Net Pension Liability (NPL). This liability will be liquidated by the General fund. The NPL was measured as of June 30, 2024, and the total pension liabilities used to calculate the NPL was determined by actuarial valuations as of that date. The Town's proportions of the NPL were based on an allocation method based on employer's contribution to the respective retirement plans during the plan year ended June 30, 2024 as compared to the total of all employers' contributions to the respective retirement plans during the plan year ended 2024.

As of June 30, 2024, the most recent measurement date, the Town's proportions and the changes in proportion from the prior measurement date were as follows:

System	Town's Proportion	Change in Proportion
MPERS	0.049294%	0.007290%

For the year ended June 30, 2025, the Town recognized a total pension expense for MPERS of \$103,911. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions as components of unrestricted net position from the following sources:

Governmental Activities:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 24,180	\$ 13,510
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	12,415	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	65,248	5,177
Employer contributions subsequent to the measurement date	55,758	-
Total	\$ 157,601	\$ 18,687

**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the plan's NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Governmental Activities:

2026	\$	30,144
2027		62,090
2028		(1,250)
2029		<u>(7,828)</u>
Total	\$	<u>83,156</u>

*Actuarial Assumptions.* The NPL was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net pension. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

**Town of Richwood  
Notes to the Financial Statements  
For the Year Ended June 30, 2025**

<b>Valuation Date</b>	June 30, 2024
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Expected Remaining Service Lives</b>	4 years
<b>Investment Rate of Return</b>	6.75%, net of investment exp.
<b>Inflation Rate</b>	2.50% per annum
<b>Mortality - Employees</b>	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Employees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale)
<b>Mortality - Annuitants and beneficiaries</b>	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale)
<b>Mortality - Disabled</b>	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)
<b>Termination, Disability, Retirement</b>	2014-2019 experience study
<b>Salary Increases</b>	1 to 2 years of service - 12.30%, above 2 years - 4.70%
<b>Cost of Living Adjustments</b>	Not substantively automatic

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for each plan in the following table:

	<u>Target Allocation</u>	<u>LT Expected Real Rate of Return</u>
MPERS (arithmetic)		
Equity	52.00%	3.14%
Fixed Income	34.00%	1.07%
Alternative	14.00%	1.03%
Total	<u>100.00%</u>	<u>5.24%</u>
Inflation		<u>2.62%</u>
Expected arithmetic return		<u>7.86%</u>

**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

*Discount Rate.* The discount rate used to measure the total pension liability was 6.75%. 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 approved by PRSAC taking into consideration the recommendation of each plan’s actuary. Based on those assumptions, each plan’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 payments to determine the total pension liability.

*Sensitivity of the proportionate share of the NPL to changes in the discount rate.* The following presents the Town’s proportionate share of the NPL for all plans using the current discount rate as well as what the Town’s proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MPERS	\$ 663,416	\$ 446,602	\$ 265,604

*Pension plan fiduciary net position.* Detailed information about the plan’s fiduciary net position is available in the separately issued financial report referenced above.

*Payables to the Pension Plan.* At June 30, 2025, the Town had \$6,302 payable to MPERS for June withholdings and employer portion.

**NOTE 11 - LONG-TERM DEBT**

During the year ended June 30, 2025, the following changes occurred in governmental activities long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Loan payable	\$ 577,625	\$ 44,985	\$ 130,080	\$ 492,530	\$ 139,912
Loan discounts	(3,804)	-	(1,020)	(2,784)	-
Compensated absences*	121,548	12,668	-	134,216	11,499
Total	\$ 695,369	\$ 57,653	\$ 129,060	\$ 623,962	\$ 151,411

\*The change in compensated absences liability above is a net change for the year.

The loans payable are as follows:

- Loan of \$770,000 from the Louisiana Local Government Environmental Facilities and Community Development Authority dated February 1, 2008. This loan was for the purpose of providing funds to allow the Town to (i) finance the acquisition, construction, upgrade and/or expansion of Town owned public improvements; and (ii) any other additions, acquisitions, repairs and/or expansions needed to maintain Town owned works of public improvement and economic development. The interest rate on the loan is 6% through February 15, 2024 and 6.25% thereafter. The loan is to be paid from general revenues of the Town that are not restricted.
- Loan of \$172,497 from John Deere for the purchase of a tractor and a mower was made on April 30, 2024. The interest rate on the loan is 5.85% with quarterly payments of \$9,872 through January 30, 2029. The loan will be paid from general revenues of the Town that are not restricted.
- Loan of \$44,985 from First Government Leasing Company for the purchase of three police vehicles was made on August 20, 2024. A down payment of \$40,000 was made. The interest rate on the loan is 5.5% with

**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

monthly payments of \$1,017 through October 22, 2029. The loan will be paid from general revenues of the Town.

The loans are due as follows:

Year	Principal	Interest	Total Payment
2026	\$ 139,912	\$ 31,783	\$ 171,695
2027	147,871	22,575	170,446
2028	161,083	12,800	173,883
2029	39,701	2,122	41,823
2030	3,963	107	4,070
	\$ 492,530	\$ 69,387	\$ 561,917

**Debt Service Reserve Requirements for loan from Louisiana Local Government Environmental Facilities and Community Development Authority:**

**Principal and Interest** – Requirement is an amount equal to the sum of all interest payable during the loan year plus the principal installment falling due during that period. Reserve requirements were met.

**Debt Service Reserve Fund** – Requirement is the lesser of (i) 10% of the proceeds of the loan, (ii) 125% of the average annual debt service on the loan, (iii) 100% of the maximum annual debt service with respect to the loan. Reserve requirements were met.

**NOTE 12 - CONTRACTUAL SERVICE AGREEMENT**

The Town has an agreement with McLemore’s Garbage Service, a private company, to provide sanitation services to the Town. These services include residential garbage pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the size of the garbage container. The Town then charges monthly for sanitation services to individual customers.

**NOTE 13 - LITIGATIONS AND CONTINGENCIES**

Contingencies: The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

Litigations: Various lawsuits are pending against the Town of Richwood. Attorneys of the Town are of the opinion that any judgement rendered in favor of the plaintiff will not materially affect the financial position of the Town at June 30, 2025.

**NOTE 14 - RISK MANAGEMENT** The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and automobile liability for which the Town carries commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Town of Richwood**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2025**

**NOTE 15 - NEW GASB STANDARDS** The Town implemented GASB Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This Statement establishes a single model for the recognition and measurement of liabilities related to compensated absences. Under GASB 101, a liability is recognized for leave that has been earned but not yet used when it is more likely than not to be used or otherwise paid, and for leave that has been used but not yet paid. The liability also includes salary-related payments (such as payroll taxes and pension contributions) associated with the leave. Implementation of GASB 101 had no effect on the financial statements and notes to the financial statements of the Town.

The Town adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ended June 30, 2025. This Statement requires disclosure of concentrations and constraints that could make the Town vulnerable to a substantial financial impact. This Statement requires a government to assess whether a concentration or constraint makes the Town or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management has evaluated potential exposures and determined that there are no concentrations/constraints that meet the disclosure criteria. Implementation of GASB 102 had no effect on the financial statements and notes to the financial statements of the Town.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Richwood**

Exhibit 1-1

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
Last Four Years**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees' Retirement System (MPERS)					
2025	0.049294%	\$ 446,602	\$ 160,030	279.07%	75.84%
2024	0.042004%	443,771	136,651	324.75%	71.30%
2023	0.039739%	406,203	120,708	336.52%	70.80%
2022	0.038460%	205,011	120,715	169.83%	84.09%

**Notes:**

The amounts presented were determined as of the measurement date of June 30th of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

The Town joined the Municipal Police Employee's Retirement System in 2021.

See notes to required supplementary information for pensions.

**Town of Richwood**

**Exhibit 1-2**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN  
Last Four Years**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Municipal Police Employees' Retirement System (MPERS)					
2025	\$ 53,541	\$ 53,541	\$ -	\$ 150,395	35.60%
2024	54,298	54,298	-	160,030	33.93%
2023	43,990	43,990	-	136,651	32.19%
2022	39,600	39,600	-	120,708	32.81%

**Notes:**

The amounts presented were determined as of the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

The Town joined the Municipal Police Employee's Retirement System in 2021.

See notes to required supplementary information for pensions.

**Town of Richwood**

**Notes to Required Supplementary Information for Pensions**

The following schedule provides the actuarial assumptions for Municipal Police Employee's Retirement System (MPERS) for the past four years:

<b>Valuation Date</b>	<b>June 30, 2021, 2022, 2023, 2024</b>
<b>Investment Rate of Return</b>	6.75%, net of investment exp.
<b>Inflation Rate</b>	2.50% per annum
<b>Mortality-Non-Disabled</b>	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Employees & Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & beneficiaries and employees
<b>Mortality-Disabled</b>	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)
<b>Termination, Disability, Retirement</b>	2014-2019 experience study
<b>Salary Increases</b>	1 to 2 years of service - 12.30%, Above 2 years - 4.70%

**Town of Richwood**

**Budgetary Comparison Schedules  
For The Year Ended June 30, 2025**

**General Fund** - is the general operating fund of the Town. It accounts for all financial resources, except those required to be accounted for in other funds.

**American Rescue Plan Fund** - accounts for the receipt and use of the Coronavirus State & Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021.

TOWN OF RICHWOOD

GENERAL FUND  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2025

Exhibit 2-1

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 2,416,326	\$ 2,416,326	\$ 2,416,326	\$ -
Resources (inflows)				
Taxes:				
Ad valorem	150,000	150,000	164,957	14,957
Sales and use	350,000	350,000	411,568	61,568
Other taxes, penalties, and interest	66,000	66,000	72,615	6,615
Licenses and permits	65,000	65,000	58,630	(6,370)
Intergovernmental revenues	-	-	26,329	26,329
Fees, charges and commissions for services	1,015,500	1,015,500	947,641	(67,859)
Use of money and property	8,500	8,500	55,463	46,963
Fines and forfeitures	55,000	55,000	48,361	(6,639)
Miscellaneous revenues	35,000	35,000	27,247	(7,753)
Loan proceeds	-	-	44,985	44,985
Amounts available for appropriations	<u>4,161,326</u>	<u>4,161,326</u>	<u>4,274,122</u>	<u>112,796</u>
Charges to appropriations (outflows)				
Current:				
General and administrative	995,583	995,583	856,088	139,495
Police department	224,000	239,830	335,775	(95,945)
Sanitation and health	-	-	89,919	(89,919)
Public works	200,000	200,000	242,935	(42,935)
Capital outlay	200,000	200,000	100,650	99,350
Debt service:				
Principal retirement	85,000	85,000	130,080	(45,080)
Interest and bank charges	36,500	36,500	38,484	(1,984)
Total charges to appropriations	<u>1,741,083</u>	<u>1,756,913</u>	<u>1,793,931</u>	<u>(37,018)</u>
BUDGETARY FUND BALANCES, ENDING	<u>\$ 2,420,243</u>	<u>\$ 2,404,413</u>	<u>\$ 2,480,191</u>	<u>\$ 75,778</u>

See accompanying notes to the budgetary comparison schedule.

TOWN OF RICHWOOD

AMERICAN RESCUE PLAN  
 Budgetary Comparison Schedule  
 For the Year Ended June 30, 2025

Exhibit 2-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Local sources:				
Intergovernmental revenues	952,793	952,793	253,457	(699,336)
Use of money and property	-	-	2,536	2,536
Amounts available for appropriations	952,793	952,793	255,993	(696,800)
Charges to appropriations (outflows)				
Current:				
General and administrative	28,000	28,000	5,000	23,000
Capital outlay	924,793	924,793	93,743	831,050
Transfers to other funds	-	-	154,714	(154,714)
Total charges to appropriations	952,793	952,793	253,457	699,336
BUDGETARY FUND BALANCES, ENDING	\$ -	\$ -	\$ 2,536	\$ 2,536

See accompanying notes to the budgetary comparison schedule.

**Town of Richwood**

**Notes to the Budgetary Comparison Schedules  
For the Year Ended June 30, 2025**

**NOTE A. BUDGET PRACTICES** The Mayor is to present the proposed budget with the proposed adoption instrument to the Board no later than 15 days prior to the beginning of the fiscal year. Also, the proposed budget must be made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with state law. The Board is responsible for adopting the budgets in an open meeting before the end of the prior fiscal year. No budget was adopted for the special revenue – transportation fund.

Before the adoption of the budget, if the Town has total proposed expenditures of \$500,000 or more from the general fund and any special revenue fund in a fiscal year, the public must be given an opportunity to participate in the budgetary process in accordance with state law. No proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal.

If, at the end of any fiscal year, the appropriations necessary for the support of the Town for the ensuing fiscal year have not been made, then 50% of the amounts appropriated in the appropriation ordinance/resolution for the last validly passed budget year shall be deemed reappropriated for the several objects and purposes specified in such ordinance/resolution. This 50% limitation will continue until a budget is approved.

The Mayor is to administer and monitor the budgets and provide the Board with monthly financial statements and budget-to-actual comparisons, including any warnings of corrective actions needed. The Board is responsible for adopting amended budgets on a timely basis. The Town does not use encumbrance accounting in its accounting system. Appropriations (unexpended budget balances) lapse at year end.

All governmental funds' budgets are prepared on the modified accrual basis of accounting in accordance with GAAP.

**NOTE B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS:** The following fund had actual expenditures over budgeted expenditures for the year ended June 30, 2025:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General fund	\$ 1,756,913	\$ 1,793,931	\$ (37,018)

**Town of Richwood**

**Notes to the Budgetary Comparison Schedules  
For the Year Ended June 30, 2025**

**NOTE C. BUDGET TO GAAP RECONCILIATION** Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<b>GENERAL</b>	<b>AMERICAN RESCUE PLAN</b>
<b><u>Sources/inflows of resources:</u></b>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 4,274,122	\$ 255,993
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,416,326)	-
Note/lease proceeds and insurance recoveries are shown as resources (inflows) for budgetary purposes but as other financing sources for reporting purposes	(44,985)	-
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	1,812,811	255,993
<b><u>Uses/outflows of resources:</u></b>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	1,793,931	253,457
Transfers to other funds classified and expenditures for budgetary purposes and as an operating transfer for financial reporting	-	(154,714)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 1,793,931	\$ 98,743

**SUPPLEMENTARY INFORMATION**

**Schedule of Compensation Paid to Alderpersons  
For the Year Ended June 30, 2025**

The Town of Richwood, paid the following amounts for compensation to the members of the Board of Alderpersons:

<u>Alderperson</u>	<u>Compensation</u>
Deneitra Ross	\$ 10,200
Wysinger Cleveland	10,200
Janice Fleming	10,200
Donald Richard	10,200
Simeon Profit	10,200
Total	<u>\$ 51,000</u>

**Town of Richwood**

**Exhibit 4**

**Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2025**

**Gerald Brown, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 63,000
Benefits - Dental, Vision, Insurance	345
Benefits-Medicare	914
Reimbursements	70
Conference travel	311
Total	<u>\$ 64,640</u>

**Town of Richwood**

**Exhibit 5**

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 12/31/24	Second Six Month Period Ended 06/30/25
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	<u>\$ 154,226</u>	<u>\$ 166,284</u>
<b>Add: Collections</b>		
Criminal Fines - Other	<u>13,673</u>	<u>31,454</u>
<b>Subtotal Collections</b>	<u>167,899</u>	<u>197,738</u>
<b>Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies</b>		
Restitution Payments to Individuals	<u>1,615</u>	<u>3,739</u>
<b>Subtotal Disbursements/Retainage</b>	<u>1,615</u>	<u>3,739</u>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<u><u>\$ 166,284</u></u>	<u><u>\$ 193,999</u></u>

**Town of Richwood**

**Exhibit 6**

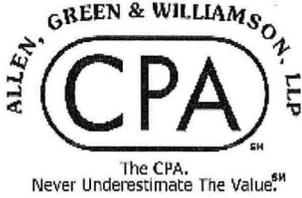
**Justice System Funding Schedule - Receiving Entity**

As Required by Act 87 of the 2020 Regular Legislative Session

<b>Cash Basis Presentation</b>	<b>First Six Month Period Ended 12/31/24</b>	<b>Second Six Month Period Ended 06/30/25</b>
<i>Louisiana Department of Public Safety:</i>		
<i>Payments on behalf</i>	<u>\$ 113</u>	<u>\$ 88</u>
<b>Total Receipts</b>	<u>\$ 113</u>	<u>\$ 88</u>
<b>Other Information:</b>		
<i>Ending balance of total amounts assessed but not yet collected (civil fines)</i>	<u>\$ -</u>	<u>\$ -</u>

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## **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***

### **Independent Auditor's Report**

To the Honorable Mayor and Board of Alderpersons  
Town of Richwood  
Richwood, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Richwood as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 31, 2025.

### **Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control described in the accompanying schedule of Findings and Responses as items 2025-001 and 2025-004 that we consider to be material weaknesses.

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

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2025-002 and 2025-003.

### **The Town's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying Schedule of Prior Year Findings and Responses and Corrective Action Plan for Current Year Findings and Responses. The Town's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Allen, Green & Williamson, LLP*

ALLEN, GREEN & WILLIAMSON, LLP  
Monroe, Louisiana  
December 31, 2025

**Town of Richwood**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2025**

**PART I - Summary of the Auditor's Results**

**Financial Statement Audit**

- i. The type of audit report issued was an unmodified opinion on the governmental activities, the business-type activities, and each major fund.
- ii. There were two significant deficiencies required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States of America which was considered a material weakness.
- iii. The audit disclosed two instances of noncompliance considered material to the financial statements, as defined by the *Government Auditing Standards*.

**Town of Richwood**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2025**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and Title: 2025-001**

**Lack of Internal Controls Over Capital Assets**

**Entity-Wide or program/department specific:** This finding is entity-wide.

**Criteria or specific requirement:** Municipalities are required to maintain accurate and complete records of capital assets, including additions, disposals, and transfers. A sound internal control system should include proper authorization, documentation, and oversight to ensure the safeguarding of public property and accurate financial reporting.

**Condition Found:** During testing of the Town’s capital asset workpapers, it was noted that no formal internal controls or processes exist to ensure the completeness and accuracy of capital asset records. The Town did not maintain a reliable system for tracking capital asset additions or deletions, and staff were unable to readily identify which purchases qualified as capital assets. Multiple items required clarification during audit procedures due to the absence of a structured tracking system.

**Context:** The issues were identified during audit procedures at the client’s offices while reviewing departmental workpapers and reconciling asset purchases to supporting documentation. Several items required follow-up with staff to determine whether they represented new capital assets or current-year activity.

**Possible Asserted Effect (Cause and Effect):**

**Cause:** Absence of a formal capital asset management process, lack of written procedures, and insufficient oversight.

**Effect:** Increased risk of misstated capital asset balances, unrecorded additions or disposals, and loss or misuse of public property. These weaknesses reduce the Town’s ability to ensure accountability over long-term assets and may result in incomplete or inaccurate financial reporting.

**Recommendation to Prevent Future Occurrences:** The Town should establish and implement formal internal controls over capital assets, including written procedures defining capitalization criteria, documentation requirements, and approval processes. The Town should update the capital asset listing on a routine basis and ensure supervisory review of all additions and deletions.

**Origination Date and Prior Year Reference:** This is a new finding for the fiscal year ended June 30, 2025.

**View of responsible official:** See corrective action letter.

**Town of Richwood  
Schedule of Findings and Responses  
For the Year Ended June 30, 2025**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and Title: 2025-002      Untimely Payments of IRS Liabilities and Accumulation of Penalties**

**Entity-Wide or program/department specific:** This finding is entity-wide.

**Criteria or specific requirement:** Federal payroll taxes must be remitted to the IRS in accordance with required deposit schedules. Timely remittance ensures compliance with federal law and prevents the assessment of penalties and interest.

**Condition Found:** The audit identified that the Town did not remit certain IRS payroll tax liabilities timely. A missed payment from the 2022 fiscal year was never resolved, resulting in an ongoing balance that continues to accrue penalties and interest. The liability was never reduced to zero, and the Town has repeatedly incurred additional charges due to untimely payments.

**Context:** This condition was noted through review of the Town’s IRS account transcripts, which reflected repeated penalties and interest assessments related to untimely tax payments and unresolved historical balances.

**Possible Asserted Effect (Cause and Effect):**

**Cause:** Lack of internal procedures to ensure timely payroll tax remittance and failure to address prior-year unpaid balances.

**Effect:** The Town continues to incur unnecessary penalties and interest, resulting in increased financial costs and potential risk of IRS enforcement actions.

**Recommendation to Prevent Future Occurrences:** The Town should implement procedures to ensure timely remittance of payroll taxes, including monitoring deadlines, clearing prior unpaid balances, and training staff responsible for payroll processing. A compliance calendar should be established to prevent future missed payments.

**Origination Date and Prior Year Reference:** This is a new finding for the fiscal year ended June 30, 2025.

**View of responsible official:** See corrective action letter.

**Town of Richwood  
Schedule of Findings and Responses  
For the Year Ended June 30, 2025**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and Title: 2025 – 003      Inadequate Public Notice for Budget Adoption**

**Entity-Wide or program/department specific:** This finding is entity-wide.

**Criteria or specific requirement:** Louisiana R.S. 39:1307 requires that public hearings on proposed budgets be advertised at least ten days prior to the hearing to allow public participation and transparency.

**Condition Found:** The public notice for the Town’s budget adoption hearing was published on the same day the hearing was held, not in compliance with the ten-day requirement of R.S. 39:1307.

**Context:** Identified by comparing the publication date of the notice with the hearing date as documented in audit workpapers.

**Possible Asserted Effect (Cause and Effect):**

**Cause:** Failure to follow legally mandated public notice requirements under R.S. 39:1307.

**Effect:** Noncompliance with Louisiana law, limited public participation, and reduced transparency.

**Recommendation to Prevent Future Occurrences:** Ensure all budget hearing notices are published at least ten days before the hearing and implement verification procedures to ensure compliance with R.S. 39:1307.

**Origination Date and Prior Year Reference:** This finding originated fiscal year ended June 30, 2023.

**View of responsible official:** See corrective action letter.

**Town of Richwood  
Schedule of Findings and Responses  
For the Year Ended June 30, 2025**

**Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:**

**Reference # and Title: 2025-004      Inadequate Internal Controls Over Prepaid Card Activity**

**Entity-Wide or program/department specific:** This finding is entity-wide.

**Criteria or specific requirement:** Municipalities must maintain strong internal controls over all disbursement mechanisms, including prepaid cards, with documentation, approval, and reconciliation requirements.

**Condition Found:** The Town lacked adequate controls over its prepaid purchase card. Several transactions lacked supporting documentation, reconciliations were not performed, and the card frequently carried a balance despite the requirement that it reset to zero. Transactions on the card totaling \$185.38 could not be traced to a receipt.

**Context:** Identified through review of monthly statements, check requisitions, and available purchase documentation. Many charges could not be verified due to missing receipts or supporting records.

**Possible Asserted Effect (Cause and Effect):**

**Cause:** Lack of written procedures, missing documentation, and absence of reconciliation processes.

**Effect:** Increased risk of unauthorized or inappropriate expenditures, incomplete financial reporting, and loss or misuse of public funds.

**Recommendation to Prevent Future Occurrences:** The Town should consider using a credit card instead of the prepaid money card. Control procedures could be established for the card to remain locked up at the Town office and checked out when needed. When the card is returned, receipts would be returned with the card. The card statement could be reconciled to receipts by someone other than the person who pays the bill and signs the check.

**Origination Date and Prior Year Reference:** This is a new finding for the fiscal year ended June 30, 2025.

**View of responsible official:** See corrective action letter.

**OTHER INFORMATION**



# TOWN OF RICHWOOD

*"An Equal Opportunity Service Provider and Employer"*

Gerald Brown, Mayor

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

## Schedule of Prior Year Audit Findings and Responses For the Year Ended June 30, 2025

**Reference # and title:**            **2024-001**            **Controls over Financial Reporting**

**Condition found:** Internal controls were not in place or were not followed.

Our tests revealed:

- Accounting records did not include investment activity for the debt service investment accounts.
- Receivables related to sales tax revenue were not recorded at year end.
- Accounts receivable and accounts payable were not reconciled to the general ledger balance.
- Payables related to the current year were not accrued at year-end.

**Corrective action taken:**

All accounts will be entered into QuickBooks (currently only the General Funds account is entered into QuickBooks), likely with the assistance of an accounting consultant who will assist in areas of recording sales tax receivables, payables and payroll-related payables. This will help to ensure proper reconciliation on all accounts. Will review the depreciation schedule and all necessary deletions and additions are completed. Reconciliation of the general fund account is now taking process and will continue along with other accounts as advised.

Finding considered cleared.

**Reference # and title:**            **2024-002**            **Local Government Budget Act**

**Condition found:** The Town’s fiscal year end is June 30<sup>th</sup> and the budget for the fiscal year end 2024 was not adopted before June 30, 2023. The General fund and American Rescue Plan fund budgets were adopted on July 8, 2023.

**Corrective action taken:**

The mayor will continue to present the proposed budget well in advance of June 30 to allow the board of aldermen ample time to review it. The mayor will also suggest that all elected officials as well as interested citizens attend training seminars offered by the Louisiana Municipal Association and other entities that may provide such opportunities while continuing to impress upon them the importance of meeting the state-mandated deadline for adoption.

Finding unresolved. See current year finding 2025-003.

Respectfully yours,

Gerald D. Brown  
Mayor – Town of Richwood



Gerald Brown, Mayor

# TOWN OF RICHWOOD

*Equal Opportunity Service Provider and Employer*

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

## **Corrective Action Plan for Current Year Audit Findings and Responses For the Year Ended June 30, 2025**

Gerald Brown  
2710 Martin Luther King  
Richwood, LA 71202

December 31, 2025

RE: Audit Findings – Management Responses

To: Allen, Green & Williamson

Town of Richwood  
Schedule of Findings and Responses For the Year Ended June 30, 2025

Reference # and Title: 2025-001

Lack of Internal Controls Over Capital Assets

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Municipalities are required to maintain accurate and complete records of capital assets, including additions, disposals, and transfers. A sound internal control system should include proper authorization, documentation, and oversight to ensure the safeguarding of public property and accurate financial reporting.

Condition Found: During testing of the Town's capital asset workpapers, it was noted that no formal internal controls or processes exist to ensure the completeness and accuracy of capital asset records. The Town did not maintain a reliable system for tracking capital asset additions or deletions, and staff were unable to readily identify which purchases qualified as capital assets. Multiple items required clarification during audit procedures due to the absence of a structured tracking system.

Context: The issues were identified during audit procedures at the client's offices while reviewing departmental workpapers and reconciling asset purchases to supporting documentation. Several items required follow-up with staff to determine whether they represented new capital assets or current-year activity.

Possible Asserted Effect (Cause and Effect):

Cause: Absence of a formal capital asset management process, lack of written procedures, and insufficient oversight.

Effect: Increased risk of misstated capital asset balances, unrecorded additions or disposals, and loss or misuse of public property. These weaknesses reduce the Town's ability to ensure accountability over long-term assets and may result in incomplete or inaccurate financial reporting.

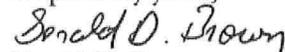
Recommendation to Prevent Future Occurrences: The Town should establish and implement formal internal controls over capital assets, including written procedures defining capitalization criteria, documentation requirements, and approval processes. The Town should update the capital asset listing on a routine basis and ensure supervisory review of all additions and deletions.

Origination Date and Prior Year Reference: This is a new finding for the fiscal year ended June 30, 2025.

View of the responsible official: See corrective action letter.

*The lack of adequate controls was primarily the result of outdated record-keeping practices and limited administrative capacity. While no misuse or loss of assets was identified, the administration agrees that improvements are necessary to strengthen oversight and compliance. The Town will establish and implement formal internal controls over capital assets in the form of written procedures defining our capitalization criteria, required documentation, and necessary approval processes. The Town will also update our capital asset listing on a routine basis(quarterly) and ensure supervisory review of all additions and deletions.*

Respectfully yours,

  
Gerald D. Brown

Mayor – Town of Richwood



Gerald Brown, Mayor

# TOWN OF RICHWOOD

*Equal Opportunity Service Provider and Employer*

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

Gerald Brown  
2710 Martin Luther King  
Richwood, LA 71202

December 26, 2025

RE: Audit Findings – Management Responses

To: Allen, Green & Williamson

Town of Richwood  
Schedule of Findings and Responses  
For the Year Ended June 30, 2025

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and Title: 2025-002 Untimely Payments of IRS Liabilities and Accumulation of Penalties

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Federal payroll taxes must be remitted to the IRS in accordance with required deposit schedules. Timely remittance ensures compliance with federal law and prevents the assessment of penalties and interest.

Condition Found: The audit identified that the Town did not remit certain IRS payroll tax liabilities timely. A missed payment from the 2022 fiscal year was never resolved, resulting in an ongoing balance that continues to accrue penalties and interest. The liability was never reduced to zero, and the Town has repeatedly incurred additional charges due to untimely payments.

Context: This condition was noted through review of the Town's IRS account transcripts, which reflected repeated penalties and interest assessments related to untimely tax payments and unresolved historical balances.

Possible Asserted Effect (Cause and Effect):

Cause: Lack of internal procedures to ensure timely payroll tax remittance and failure to address prior year unpaid balances.

Effect: The Town continues to incur unnecessary penalties and interest, resulting in increased financial costs and potential risk of IRS enforcement actions.

Recommendation to Prevent Future Occurrences: The Town should implement procedures to ensure timely remittance of payroll taxes, including monitoring deadlines, clearing prior unpaid balances, and training staff responsible for payroll processing. A compliance calendar should be established to prevent future missed payments.

Origination Date and Prior Year Reference: This is a new finding for the fiscal year ended June 30, 2025.

View of the responsible official: See corrective action letter.

*While we recognize the seriousness of this matter and accept responsibility for ensuring that all federal tax obligations are paid accurately and timely, based on records available to the Town, the administration believes that tax payments were submitted in a timely manner and in accordance with IRS filing requirements. The Town has maintained documentation indicating that payments were remitted by the applicable due dates. Per discussions with audit firm, it is possible that there may have been misapplication of payments, processing delays or other discrepancies rather than late remittance. Notwithstanding the Town's position, the administration recognizes the importance of clearly documenting compliance and ensuring that all tax payments are properly credited by the IRS. Accordingly, the Town has taken or will take the following actions:*

- 1. Reconciliation with IRS Records – the Town is actively working with the IRS to reconcile payment history and ensure that all payments are correctly applied to the proper tax periods.*
- 2. Documentation Review – payment confirmations, bank statements, and payroll reports are being compiled and retained to support the Town's position.*
- 3. Penalty Abatement Request – The Town will formally request abatement of any penalties and interest based on timely payment and reasonable cause.*
- 4. Enhanced Tracking Procedures – additional internal tracking and verification processes are being implemented to confirm IRS receipt and application of payments.*

Respectfully yours,



Gerald D. Brown

Mayor – Town of Richwood



Gerald Brown, Mayor

# TOWN OF RICHWOOD

*Equal Opportunity Service Provider and Employer*

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2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

Gerald Brown  
2710 Martin Luther King  
Richwood, LA 71202

December 26, 2025

RE: Audit Findings – Management Responses

To: Allen, Green & Williamson

Town of Richwood

Schedule of Findings and Responses For the Year Ended June 30, 2025

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and Title: 2025 – 003 Inadequate Public Notice for Budget Adoption  
Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Louisiana R.S. 39:1307 requires that public hearings on proposed budgets be advertised at least ten days prior to the hearing to allow public participation and transparency.

Condition Found: The public notice for the Town's budget adoption hearing was published on the same day the hearing was held, not in compliance with the ten-day requirement of R.S. 39:1307.

Context: Identified by comparing the publication date of the notice with the hearing date as documented in audit workpapers.

Possible Asserted Effect (Cause and Effect):

Cause: Failure to follow legally mandated public notice requirements under R.S. 39:1307.

Effect: Noncompliance with Louisiana law, limited public participation, and reduced transparency.

Recommendation to Prevent Future Occurrences: Ensure all budget hearing notices are published at least ten days before the hearing and implement verification procedures to ensure compliance with R.S. 39:1307.

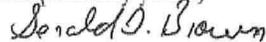
Origination Date and Prior Year Reference: This finding originated fiscal year ended June 30, 2023.

View of the responsible official: See corrective action letter.

*The administration recognizes the importance of complying with all public notice requirements to ensure transparency, public participation, and adherence to state law. The deficiency resulted from an administrative oversight related to the timing and documentation of the required public notice. While the budget was adopted in an open meeting properly and after public notice, the Town acknowledges the notice was not published 10 days before adoption and will implement the following corrective actions:*

- 1. Revised Budget Adoption Procedures – budget preparation and adoption procedures are being updated to ensure all public notice requirements are met.*
- 2. Notice Timeline Checklist – a formal checklist has been established to track required notice publication dates, content, and proof of publication.*
- 3. Assigned Responsibility – specific personnel have been designated to ensure public notices are properly prepared, published, and documented.*

Respectfully yours,



Gerald D. Brown

Mayor – Town of Richwood



Gerald Brown, Mayor

# TOWN OF RICHWOOD

*of Equal Opportunity, Service, Provider, and Employer*

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

Gerald Brown  
2710 Martin Luther King  
Richwood, LA 71202

December 26, 2025

RE: Audit Findings – Management Responses

To: Allen, Green & Williamson

Town of Richwood

Schedule of Findings and Responses For the Year Ended June 30, 2025

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and Title: 2025-004 Inadequate Internal Controls Over Prepaid Card Activity

Entity-Wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Municipalities must maintain strong internal controls over all disbursement mechanisms, including prepaid cards, with documentation, approval, and reconciliation requirements.

Condition Found: The Town lacked adequate controls over its prepaid purchase card. Several transactions lacked supporting documentation, reconciliations were not performed, and the card frequently carried a balance despite the requirement that it reset to zero. Transactions on the card totaling \$185.38 could not be traced to a receipt.

Context: Identified through review of monthly statements, check requisitions, and available purchase documentation. Many charges could not be verified due to missing receipts or supporting records.

Possible Asserted Effect (Cause and Effect):

Cause: Lack of written procedures, missing documentation, and absence of reconciliation processes

Effect: Increased risk of unauthorized or inappropriate expenditures, incomplete financial reporting, and loss or misuse of public funds.

Recommendation to Prevent Future Occurrences: The Town should consider using a credit card instead of the prepaid money card. Control procedures could be established for the card to remain locked up at the Town office and checked out when needed. When the card is returned, receipts would be returned with the card. The card statement could be reconciled to receipts by someone other than the person who pays the bill and signs the check.

Origination Date and Prior Year Reference: This is a new finding for the fiscal year ended June 30, 2025.

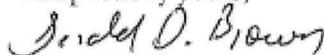
View of the responsible official: See corrective action letter.

*We recognize the importance of maintaining strong controls to ensure that public funds are used appropriately, properly authorized, and fully documented. The deficiency resulted from limited formalized procedures governing prepaid card issuance, usage, and reconciliation. While the card was used for legitimate municipal purposes, the administration agrees that enhanced oversight and documentation are necessary to ensure compliance with best practices and auditing standards. To address this finding and strengthen internal controls, the Town has implemented or will implement the following corrective actions:*

- 1. Formal Prepaid Card Policy – a written policy outlining authorized uses, spending limits, documentation requirements, and approval processes.*
- 2. Transaction Review and Reconciliation – all prepaid card transactions are now being reviewed and reconciled monthly, with supporting receipts required for each charge.*
- 3. Improved Documentation and Recordkeeping – detailed records of card activity, balances, and supporting documentation are maintained and retained.*

*Management believes that implementing a credit card along with applicable procedures for said card for purchasing would create stronger accountability and a better accounting/audit trail with improved internal controls, better operational efficiency, enhanced transparency, better cash flow management, lower risk for error and support for modern purchasing needs. Credit cards also align better with modern municipal accounting standards.*

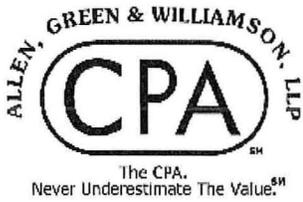
Respectfully yours,



Gerald D. Brown

Mayor – Town of Richwood

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# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive

Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Partners: Tim Green, CPA  
Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

Audit Managers: Amy Tynes, CPA, CFE  
Margie Williamson, CPA  
Jennie Henry, CPA, CFE

Supervisor: Sandra Harper, CPA, CFE

Ernest L. Allen, CPA  
(Retired) 1963 - 2000

## Management Letter

To the Honorable Mayor and Town Council  
Town of Richwood  
Richwood, Louisiana

In planning and performing our audit of financial statements of the governmental activities, business-type activities, and each major fund of the Town of Richwood as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. As discussed below, we identified certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 31, 2025, on the financial statements of the Town. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

### 2025-M1      **Separate account for Ad Valorem police tax**

**Comment:** The Town did not establish a separate account for the ad valorem police tax. Money collected from the tax was included in the Town's general fund.

**Recommendation:** Establish a separate account for the ad valorem police tax to ensure tax money is spent in accordance with the adopted referendum.

**Management's Response:** Resolution will be submitted to the Board of Aldermen to establish a separate account for ad valorem police tax funds.

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We believe that the implementation of these recommendations will provide the Town with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

Also included are management's responses to our current year management letter items. We have performed no audit procedures to verify the content of the responses.

This report is intended solely for the information and use of the Town's Board, management, others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

*Allen, Green & Williamson, LLP*

Allen, Green & Williamson, LLP  
Monroe, Louisiana  
December 31, 2025

**Town of Richwood**  
**Status of Prior Year Management Letter Items**  
**June 30, 2025**

**2024-M1          Minutes**

**Comment:** The Town did not publish minutes in the official journal within twenty days of meeting date in accordance with La Revised Statue 43:144.

**Recommendation:** Publish all minutes in the Town’s official journal and website within timeframe established by regulations.

**Management’s Response:** The Town will establish a calendar with due dates that management wil review with applicable staff so deadlines are met.

**Management letter item status:** This item has been corrected.

**2024-M2          Separate fund for Ad Valorem police tax**

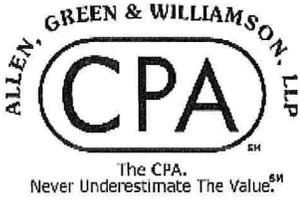
**Comment:** The Town did not establish a separate account for the ad valorem police tax. Money collected from the tax was included in the Town’s general fund.

**Recommendation:** Establish a separate fund for the ad valorem police tax to ensure tax money is spent in accordance with the adopted referendum.

**Management’s Response:** Resolution will be submitted to the Board of Aldermen to establish a separate account for ad valorem police tax funds.

**Management letter item unresolved:** See management letter item 2025-M1.

**AGREED-UPON PROCEDURES**



# ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive  
Monroe, LA 71201

Telephone: (318) 388- 4422

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allengreencpa.com

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

To the Honorable Gerald Brown and  
Members of the Board of Alderpersons  
Town of Richwood  
Richwood, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year ended June 30, 2025. Town of Richwood's management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year ended June 30, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### 1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - i. Budgeting, including preparing, adopting, monitoring, and amending the budget.
  - ii. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - iii. Disbursements, including processing, reviewing, and approving.
  - iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

**Comment:** There were three exceptions regarding policies and procedures. The first was regarding purchasing policy; there was no guidance provided on how vendors are added to the vendor listing. The second exception was regarding the Ethics policy; there was no guidance on actions taken if an ethics violation takes place. The final exception was regarding the sexual harassment policy; there was no mention of employee training or reporting.

**Management's Response:** The Town acknowledges and agrees that formal written guidance for adding vendors to the vendor listing is necessary to strengthen internal controls, ensure consistency, and reduce the risk of errors or unauthorized vendor activity. Historically, vendors were added based on operational needs and management approval; however, these practices were not documented in a formal policy. While management oversight was exercised, the lack of written procedures increased the risk of inconsistent application. The Town acknowledges and agrees that formal written guidance addressing actions for ethics violations is necessary to promote consistent enforcement, accountability, and transparency. While the Town has historically addressed ethics matters in accordance with applicable state laws and professional standards, these actions were not supported by a formally documented policy. The Town acknowledges and agrees that the sexual harassment policy should include clear guidance on employee training and reporting mechanisms. While the Town has communicated expectations regarding professional conduct, these practices were not formally documented within the policy.

**Corrective Action Plan:**

The Town will develop and adopt a formal written policy outlining procedures for adding vendors to the vendor listing. The policy will include, at a minimum:

- Required vendor documentation (e.g., W-9 form, business information, and contact details);
- Verification and review requirements before vendor setup;
- Segregation of duties to ensure that vendor setup, approval, and payment processing are performed by different individuals where feasible;
- Authorization requirements for vendor additions and changes;
- Periodic review of the vendor listing to identify inactive or duplicate vendors.

The Town will develop and adopt a written ethics enforcement policy that clearly defines procedures for addressing alleged ethics violations. The policy will include, at a minimum:

- Reporting mechanisms for suspected ethics violations;
- Procedures for documenting and reviewing allegations;
- Guidelines for corrective or disciplinary actions, consistent with applicable state and local laws;
- Referral procedures to appropriate oversight or regulatory authorities, when required;
- Training requirements to ensure employees and officials understand ethical standards and consequences.

The Town will revise and update its sexual harassment policy to incorporate comprehensive training and reporting provisions. The updated policy will include, at a minimum:

- Continue mandatory sexual harassment training for employees, with defined frequency and documentation requirements;
- Clear reporting procedures that provide multiple reporting options
- Procedures for timely investigation and documentation of complaints;
- Protections against retaliation for individuals who report concerns in good faith;
- Communication and acknowledgment requirements to ensure all employees are informed of the policy and its procedures.

2) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - i. Employees responsible for cash collections do not share cash drawers/registers.
  - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - i. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
  - i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.

**Comment:** There were three exceptions regarding collections, all three were due to deposits not being made timely.

**Management's Response:** The Town acknowledges and agrees that all collections should be deposited timely to ensure proper safeguarding of funds and accurate financial reporting. The untimely deposits identified were primarily the result of administrative delays and staffing constraints, rather than intentional noncompliance. Management notes that all collections were deposited in full, and no funds were unaccounted for.

**Corrective Action Plan:**

The Town will implement the following measures to address and prevent untimely deposits:

- Reinforce existing deposit requirements and timelines with all staff responsible for handling collections;
- Establish or update written procedures specifying deposit frequency and documentation requirements;
- Implement supervisory review of collection logs and deposit records to ensure timely deposits;
- Evaluate staffing coverage and workload distribution to reduce delays during absences or peak periods.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5 that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Comment:** There was one exception due to the statement only being approved by the card holder. Two exceptions where the transaction was not supported by an itemized receipt and two exceptions where there was not written documentation of the business/public purpose.

**Management's Response:** The Town acknowledges and agrees that card statements should be reviewed and approved. Management notes that all charges reviewed were legitimate and related to Town business. The Town acknowledges and agrees that all card transactions should be fully supported by itemized receipts and written documentation clearly describing the business or public purpose. Management reviewed the transactions and determined that the charges were reasonable and related to Town business; however, the supporting documentation was incomplete.

**Corrective Action Plan:**

The Town will strengthen internal controls over card activity by implementing the following measures:

- Require all card statements to be reviewed and approved by management;
- Implement a standardized checklist to ensure supporting receipts and business purposes are reviewed prior to approval.

The Town will strengthen documentation requirements for card transactions by implementing the following measures:

- Require itemized receipts for all card purchases, with no exceptions.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - i. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Comment:** There was one exception due to the wrong rate amount being used for meal reimbursements.

**Management's Response:** The Town acknowledges and agrees that meal reimbursements should be processed in accordance with approved rates. The exception noted was the result of an administrative error in applying the correct reimbursement rate (applied previous year's rate) and not due to intentional noncompliance. Management reviewed the transaction and confirmed that the error was isolated.

**Corrective Action Plan:**

The Town will implement the following measures to prevent similar occurrences:

Reinforce applicable meal reimbursement rates with all employees responsible for processing or approving reimbursements;

Require supervisory review of reimbursement calculations prior to payment.

5) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
  - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Comment:** There was one exception due to no evidence provided of the contract being approved in the board minutes.

**Management’s Response:** The Town acknowledges and agrees that all contracts requiring governing body approval should be clearly documented in the board minutes. The exception noted resulted from a documentation oversight and not from an unauthorized contract. Management notes that the contract was executed in the normal course of business; however, formal documentation of approval was not adequately reflected in the meeting minutes.

**Corrective Action Plan:**

The Town will implement the following measures to strengthen documentation of contract approvals:

Reinforce requirements for documenting all contract approvals in the board minutes;

Require coordination between management and the Town Clerk to ensure approved actions are accurately and completely recorded in meeting minutes.

6) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual

harassment training during the calendar year as required by R.S. 42:343.

- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

**Comment:** No report was provided. There was one exception due to an employee having not received the sexual harassment training.

**Management's Response:** The Town acknowledges and agrees that all employees should receive sexual harassment training to promote a safe and respectful work environment and ensure compliance with applicable requirements. The exception noted was the result of an administrative oversight and not a systemic failure. Management confirms that the employee has since received the required training.

**Corrective Action Plan:**

The Town will implement the following measures to prevent similar occurrences:

- Reinforce mandatory sexual harassment training requirements for all employees and elected officials;
- Establish or update a training tracking system to document completion dates and compliance status;
- Require training to be completed within a specified timeframe for new hires;
- Conduct periodic reviews to ensure ongoing compliance with training requirements.

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

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

*Allen, Green & Williamson, LLP*

Allen, Green & Williamson, LLP  
Monroe, Louisiana  
December 31, 2025

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