

TOWN OF MERRYVILLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Honorable Shelia Smith, Mayor
and Members of the Board of Aldermen
Town of Merryville, 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 Merryville, Louisiana as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Merryville, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Merryville, Louisiana, as of June 30, 2024, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Substantial Doubt about the Town's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Town of Merryville, Louisiana will continue as a going concern. As discussed in Note 15 to the financial statements, the Town has incurred significant losses in the general fund subsequent to their June 30, 2024 year end. The unaudited September 30, 2024 general fund financial statements show a \$79,074 loss for the three months ended. Cash has also decreased from \$170,308 to \$66,368 for the three months ended. Management's evaluation of the events and conditions and management's plans regarding those matters also are described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, Schedule of Town's Proportionate Share of the Net Pension Liability and Schedule of the Town's Pension Contribution on pages 32 through 35 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Merryville, Louisiana's basic financial statements. The accompanying schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, and justice system funding schedule – collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of per diem paid to board members, schedule of compensation, benefits and other payments to agency head, and justice system funding schedule – collecting/disbursing entity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the Town of Merryville, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Merryville, Louisiana'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 Town of Merryville, Louisiana's internal control over financial reporting and compliance.



DeRidder, Louisiana
December 16, 2024

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 170,308	\$ 151,680	\$ 321,988
Receivables:			
Ad valorem	64	-	64
Sales taxes	57,053	-	57,053
Franchise taxes	5,845	-	5,845
Traffic fines	5,075	-	5,075
Accounts	-	14,083	14,083
Intergovernmental:			
Federal grants	78,473	-	78,473
State grants	22,477	-	22,477
Alcohol taxes	545	-	545
State mowing contract	3,170	-	3,170
Due from other funds	393,869	-	393,869
Restricted cash and cash equivalents	407,684	-	407,684
Capital assets not being depreciated	10,600	37,666	48,266
Capital assets being depreciated, net	391,058	3,196,962	3,588,020
Total assets	\$ 1,546,221	\$ 3,400,391	\$ 4,946,612
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions	\$ 162,436	\$ -	\$ 162,436
Prepaid insurance	3,801	1,406	5,207
Total deferred outflows of resources	\$ 166,237	\$ 1,406	\$ 167,643
Total assets and deferred outflows of resources	\$ 1,712,458	\$ 3,401,797	\$ 5,114,255
LIABILITIES			
Accounts payable	\$ 42,408	\$ 12,482	\$ 54,890
Contracts payable	108,564	-	108,564
Payroll taxes payable	2,920	1,287	4,207
Retirement payable	4,554	-	4,554
Due to other funds	370,680	23,189	393,869
Long-term liabilities:			
Customer deposits	-	20,195	20,195
Net pension liability	171,152	-	171,152
Total liabilities	\$ 700,278	\$ 57,153	\$ 757,431
DEFERRED INFLOWS OF RESOURCES			
Pension contributions	\$ 95	\$ -	\$ 95
Total liabilities and deferred inflows of resources	\$ 700,373	\$ 57,153	\$ 757,526

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
NET POSITION			
Net investment in capital assets	\$ 401,658	\$ 3,234,628	\$ 3,636,286
Restricted for:			
Sales taxes	89,855	-	89,855
Residual equity transfer	-	548,183	548,183
Unrestricted	520,572	(438,167)	82,405
Total net position	\$ 1,012,085	\$ 3,344,644	\$ 4,356,729
Total liabilities, deferred inflows of resources, and net position	\$ 1,712,458	\$ 3,401,797	\$ 5,114,255
			(Concluded)

The accompanying notes are an integral part of this statement.

Statement of Activities
For the Year Ended June 30, 2024

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Program Activities							
Governmental activities:							
General government and administration	\$ 226,778	\$ -	\$ -	\$ -	\$ (226,778)	\$ -	\$ (226,778)
Public safety	425,182	249,146	-	-	(176,036)	-	(176,036)
Public works	872,899	51,212	-	207,292	(614,395)	-	(614,395)
Recreation	5,319	-	-	-	(5,319)	-	(5,319)
Total governmental activities	<u>\$ 1,530,178</u>	<u>\$ 300,358</u>	<u>\$ -</u>	<u>\$ 207,292</u>	<u>\$ (1,022,528)</u>	<u>\$ -</u>	<u>\$ (1,022,528)</u>
Business-type activities:							
Water and sewer	<u>\$ 520,904</u>	<u>\$ 212,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (308,406)</u>	<u>\$ (308,406)</u>
Total government	<u><u>\$ 2,051,082</u></u>	<u><u>\$ 512,856</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 207,292</u></u>	<u><u>\$ (1,022,528)</u></u>	<u><u>\$ (308,406)</u></u>	<u><u>\$ (1,330,934)</u></u>
General revenues:							
Taxes:							
Ad valorem					\$ 44,089	\$ -	\$ 44,089
Sales					570,345	-	570,345
Alcohol					1,762	-	1,762
Franchise					38,188	-	38,188
Occupational licenses and permits					48,275	-	48,275
Investment earnings					-	47	47
Rentals					4,935	-	4,935
Sale of assets					4,256	-	4,256
Non-employer pension revenue					3,736	-	3,736
Miscellaneous					1,580	-	1,580
Transfers					(169,833)	169,833	-
Total general revenues and transfers					<u>\$ 547,333</u>	<u>\$ 169,880</u>	<u>\$ 717,213</u>
Change in net position					<u>\$ (475,195)</u>	<u>\$ (138,526)</u>	<u>\$ (613,721)</u>
Residual equity transfer					-	548,183	548,183
Net position at beginning of year					<u>1,487,280</u>	<u>2,934,987</u>	<u>4,422,267</u>
Net position at end of year					<u><u>\$ 1,012,085</u></u>	<u><u>\$ 3,344,644</u></u>	<u><u>\$ 4,356,729</u></u>

The accompanying notes are an integral part of this statement.

Balance Sheet
Governmental Funds
June 30, 2024

ASSETS	General	Major Fund		Total Governmental Funds
		Special Revenue Fund	Capital Project Fund	
		Sales Tax Fund	Projects Fund	
Cash and cash equivalents	\$ 170,308	\$ -	\$ -	\$ 170,308
Receivables:				
Ad valorem taxes	64	-	-	64
Sales taxes	-	57,053	-	57,053
Franchise taxes	5,845	-	-	5,845
Traffic fines	5,075	-	-	5,075
Intergovernmental:				
Federal grants	-	-	78,473	78,473
State grants	-	-	22,477	22,477
Alcohol taxes	545	-	-	545
State mowing contract	3,170	-	-	3,170
Due from other funds	393,869	-	-	393,869
Restricted cash and cash equivalents	-	33,426	374,258	407,684
Total assets	\$ 578,876	\$ 90,479	\$ 475,208	\$ 1,144,563
DEFERRED OUTFLOWS OF RESOURCES				
Prepaid insurance	\$ 3,801	\$ -	\$ -	\$ 3,801
Total assets and deferred outflows of resources	\$ 582,677	\$ 90,479	\$ 475,208	\$ 1,148,364
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 41,784	\$ 624	\$ -	\$ 42,408
Contracts payable	-	-	108,564	108,564
Payroll taxes payable	2,920	-	-	2,920
Retirement payable	4,554	-	-	4,554
Due to other funds	-	-	370,680	370,680
Total liabilities	\$ 49,258	\$ 624	\$ 479,244	\$ 529,126
Fund Balances:				
Unassigned	\$ 533,419	\$ -	\$ (4,036)	\$ 529,383
Restricted	-	89,855	-	89,855
Total fund balances	\$ 533,419	\$ 89,855	\$ (4,036)	\$ 619,238
Total liabilities and fund balances	\$ 582,677	\$ 90,479	\$ 475,208	\$ 1,148,364

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2024

Total fund balance - total governmental funds	\$ 619,238
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	401,658
Pension-related changes in net pension liability that are only reported in the Statement of Net Position as deferred outflows.	162,436
Pension related changes in net pension liability that are only reported in the State of Net Position as deferred inflows.	(95)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Net pension liability	<u>(171,152)</u>
Net position of governmental activities	<u><u>\$ 1,012,085</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

		Major Fund		Total Governmental Funds
		Special Revenue Fund	Capital Project Fund	
	General Fund	Sales Tax Fund	Projects Fund	
Revenues				
Taxes:				
Ad valorem	\$ 44,089	\$ -	\$ -	\$ 44,089
Sales	-	570,345	-	570,345
Franchise	38,188	-	-	38,188
Charges for services	51,212	-	-	51,212
Intergovernmental:				
Alcohol taxes	1,762	-	-	1,762
Federal grants	-	-	184,816	184,816
State grants	-	-	22,476	22,476
Occupational licenses and permits	1,276	46,999	-	48,275
Fines and forfeitures	249,146	-	-	249,146
Rentals	4,935	-	-	4,935
Miscellaneous	1,580	-	-	1,580
Total revenues	<u>\$ 392,188</u>	<u>\$ 617,344</u>	<u>\$ 207,292</u>	<u>\$ 1,216,824</u>
Expenditures				
General government	\$ 207,225	\$ 10,920	\$ -	\$ 218,145
Public safety	380,098	-	-	380,098
Public works	275,860	-	-	275,860
Recreation	2,094	-	-	2,094
Capital outlay	7,373	-	214,907	222,280
Total expenditures	<u>\$ 872,650</u>	<u>\$ 10,920</u>	<u>\$ 214,907</u>	<u>\$ 1,098,477</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (480,462)</u>	<u>\$ 606,424</u>	<u>\$ (7,615)</u>	<u>\$ 118,347</u>
Other financing sources (uses)				
Transfer in	\$ 433,523	\$ -	\$ -	\$ 433,523
Transfer out	-	(603,356)	-	(603,356)
Sale of assets	4,256	-	-	4,256
Total other financing sources (uses)	<u>\$ 437,779</u>	<u>\$ (603,356)</u>	<u>\$ -</u>	<u>\$ (165,577)</u>
Net change in fund balance	\$ (42,683)	\$ 3,068	\$ (7,615)	\$ (47,230)
Fund balances at beginning of year	<u>576,102</u>	<u>86,787</u>	<u>3,579</u>	<u>666,468</u>
Fund balances at end of year	<u><u>\$ 533,419</u></u>	<u><u>\$ 89,855</u></u>	<u><u>\$ (4,036)</u></u>	<u><u>\$ 619,238</u></u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds	\$ (47,230)
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense on capital assets is reported in the government- wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.	(63,161)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	(355,993)
Pension expense is based on employer contributions in the governmental funds, but is an actuarially calculated expense on the State of Activities	<u>(8,811)</u>
Change in net position of governmental activities	<u><u>\$ (475,195)</u></u>

The accompanying notes are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2024

	Business-type Activities - Enterprise Fund Water and Sewer
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 151,680
Receivables:	
Accounts	14,083
Total current assets	<u>\$ 165,763</u>
Noncurrent Assets	
Capital assets not being depreciated	\$ 37,666
Capital assets being depreciated, net	3,196,962
Total noncurrent assets	<u>\$ 3,234,628</u>
 Total assets	 <u>\$ 3,400,391</u>
DEFERRED OUTFLOWS OF RESOURCES	
Prepaid insurance	<u>\$ 1,406</u>
 Total assets and deferred outflows of resources	 <u><u>\$ 3,401,797</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 12,482
Payroll withholdings payable	1,287
Due to general fund	23,189
Total current liabilities	<u>\$ 36,958</u>
Noncurrent Liabilities	
Customer deposits	<u>\$ 20,195</u>
 Total liabilities	 <u>\$ 57,153</u>
NET POSITION	
Net investment in capital assets	\$ 3,234,628
Residual equity transfer	548,183
Unrestricted	<u>(438,167)</u>
 Total net position	 <u>\$ 3,344,644</u>
 Total liabilities and net position	 <u><u>\$ 3,401,797</u></u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Fund
 For the Year Ended June 30, 2024

	Business-type Activities - Enterprise Fund Water and Sewer
Operating revenues	
Charges for services	\$ 212,498
Operating expenses	
Personal services	\$ 186,212
Supplies	62,440
Contractual services	160,558
Depreciation	111,694
Total operating expenses	\$ 520,904
Income (loss) from operations	\$ (308,406)
Nonoperating revenues	
Investment income	\$ 47
Income (loss) before contributions and transfers	\$ (308,359)
Transfers in	\$ 169,833
Transfers out	-
Change in net position	\$ (138,526)
Net position at beginning of year	\$ 2,934,987
Residual equity transfer	\$ 548,183
Net position at end of year	\$ 3,344,644

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2024

	Business-type Activities Enterprise Fund
	<u>Water and Sewer</u>
Cash flows from operating activities:	
Cash received from customers	\$ 206,486
Cash payments to suppliers for goods and services	(222,999)
Cash payments to employees for services	(185,893)
Net cash used by operating activities	<u>\$ (202,406)</u>
Cash flows from capital financing activities:	
Purchase of fixed assets	\$ 548,183
Residual equity transfer	(548,183)
Net cash provided by capital financing activities	<u>\$ -</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	\$ 169,833
Cash paid to other funds	(4,374)
Net cash provided by noncapital financing activities	<u>\$ 165,459</u>
Cash flows from investing activities:	
Interest on cash and investments	<u>\$ 47</u>
Net increase (decrease) in cash and cash investments	\$ (36,900)
Cash and cash equivalents, July 1, 2023	188,580
Cash and cash equivalents, June 30, 2024	<u><u>\$ 151,680</u></u>
Reconciliation of income (loss) from operations to net cash used by operating activities:	
Loss from operations	\$ (308,406)
Adjustments to reconcile income (loss) from operations to net cash used by operating activities:	
Depreciation	\$ 111,694
Change in assets and liabilities:	
Decrease in accounts receivable	26
Increase in prepaid insurance	(1,406)
Increase in payroll taxes payable	319
Increase in accounts payable	1,405
Decrease in customer deposits payable	<u>(6,038)</u>
Net cash used by operating activities	<u><u>\$ (202,406)</u></u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Merryville, Louisiana
Notes to the Financial Statements
As of and for the Year Ended June 30, 2024

INTRODUCTION

The Town of Merryville, Louisiana was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Merryville, Louisiana conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The Town maintains various funds that provide services and benefits to its citizens including repairs and maintenance of approximately 15 miles of roads and streets, water and sewer, and garbage collection services to approximately 415 residents.

The Town is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 1,200 residents. The governing board is composed of five elected aldermen that are compensated for regular and special board meetings. There are approximately ten employees who maintain the water and sewer systems, streets, and handle the clerical work for the Town. The police department consists of an elected chief of police and approximately four patrolmen.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or 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.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except for those in another fund.

The Special Revenue Fund accounts for and reports the proceeds of specific revenue sources, that are restricted, or committed to expenditures for specific purposes other than debt service or capital projects.

The Capital Projects Fund accounts for Louisiana Community Development Block Grant (LCDBG) grant funds and Facility Planning and Control grant funds that are awarded for upgrades in the Utility Fund.

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments' enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the Town's enterprise fund. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

The municipality has not established a policy for use of its unrestricted fund balance, therefore it considers committed fund balances to be used first, then assigned fund balances to be used next and finally the unassigned fund balance will be used.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

C. Deposits and Investments

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

Activity 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" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The municipality levies taxes on real and business personal property located within the boundaries of the Town. Property taxes are levied by the Town on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the Town. Collections are remitted to the Town monthly. The Town recognizes property tax revenues when levied.

Property Tax Calendar	
Assessment date	January 1, 2023
Levy date	June 30, 2023
Tax bills mailed	October 15, 2023
Total taxes are due	December 31, 2023
Penalties & interest due	January 31, 2024
Lien date	January 31, 2024
Tax sale	May 15, 2024

For the year ended June 30, 2024, taxes of 8.50 mills were levied on property with an assessed valuation totaling \$3,047,293, and were dedicated as follows:

	Authorized <u>Millage</u>	Levied <u>Millage</u>	Expiration <u>Date</u>
Taxes due for:			Renewed
General corporate tax	8.50	8.50	Annually

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on that property. Due to this, the majority, if not all property taxes are collected; therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

The following are the principal taxpayers and related property tax revenue for the municipality:

Taxpayer	Type of Business	Assessed Valuation	% of Total Assessed Valuation	Ad Valorem Tax Revenue for Municipality
Central Louisiana Electric, Co.	Utility	\$ 266,630	8.75%	\$ 2,266
Texas Petroleum Investment Co.	Gas & Oil	201,408	6.61%	1,712
Total		\$ 468,038	15.36%	\$ 3,978

Sales Tax

The Town of Merryville, Louisiana receives a one-percent sales and use tax, for a period of twenty years beginning January 1, 2013 and ending December 31, 2033, the revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and maintaining streets for the Town.

The Town of Merryville, Louisiana also receives a one-percent sales and use tax for a period of twenty years beginning January 1, 2013 and ending December 31, 2033. The revenues derived from said sales and use tax to be dedicated and used for the purpose of operating, maintaining and administering solid waste disposal facilities.

The Town of Merryville, Louisiana receives a one-percent perpetual sales and use tax. The revenues derived from said sales and use tax to be dedicated and used for the purpose of constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewage disposal works.

E. Restricted Assets

Certain proceeds of construction project grants, as well as certain resources set aside, are classified as restricted assets on the balance sheet because their use is limited by grant agreements. Also, sales taxes are restricted by sales tax propositions approved by the voters.

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 estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the Town of Merryville, Louisiana was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred during the current fiscal year was \$-0-. No interest was included as part of the cost of capital assets under construction in construction projects.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	40-50 years
Buildings and building improvements	40-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

G. Compensated Absences

The municipality has the following policy relating to vacation and sick leave:

Each full-time and part-time permanent municipal employee shall earn annual vacation and sick leave as follows:

Vacation

- Five (5) days with pay after one (1) year employment.
- Ten (10) days with pay after two (2) years employment.

Vacation days cannot be carried over from year to year.

The least amount of vacation taken at one time is one half (1/2) day.

The board may, at its discretion, pay as terminal pay all accumulated unused annual leave time up to a maximum of ten (10) days of such annual leave upon the retirement or resignation of an employee. An employee dismissed for cause shall not be paid for any accumulated annual leave.

Employees required to work on an observed holiday shall receive compensatory time off. Holidays observed by the municipality shall not be counted as vacation leave.

Leave from work with pay may be charged as sick leave if the absence is due to sickness, bodily injury, quarantine, required physical or dental examinations, or treatment, exposure to a contagious disease when continued work might jeopardize the health of others, illness in the immediate family of the employee which requires the care of the employee. All such absences, except those resulting from intemperance or immorality, shall be charged against the sick leave credit of the employee. Immediate family as used here shall consist of the husband or wife, as the case may be the father or mother, or children of the employee whether half or full blood.

Each employee shall earn two and one half (2 ½) days after six (6) months of employment and two and one half (2 ½) days will be earned every six months thereafter with a maximum of five (5) days per year being earned.

The least amount of time taken for sick leave is one half (1/2) day.

Sick leave may not be accumulated for an indefinite period, and there is no maximum amount of sick leave, which may be accumulated.

The supervising board or official shall determine when a certificate from a doctor is required to substantiate the necessity of sick leave, provided that sick leave claimed for three days or less shall not require such certificate. Department heads and/or the board are responsible for the application of this provision so that there will be no abuse of sick leave privileges.

There will be no pay for unused sick leave upon resignation or retirement of an employee.

Notes to the Financial Statements (Continued)

Sick leave may be used as maternity leave.

H. Long-Term Obligations

In the government-wide financial statements, and the proprietary funds 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 premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

J. Estimates

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

K. Fund Balances

- | | |
|------------|--|
| Unassigned | Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. |
| Restricted | Amounts that are restricted to a specific purpose should be reported as restricted fund balance. Fund balance should be reported as restricted when constraints placed on the use of resources are either: <ul style="list-style-type: none">a. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; orb. imposed by law through constitutional provisions or enabling legislation. |

L. Restricted Net Position

For government-wide statement of net position and the proprietary fund net position, net position is reported as restricted when constraints placed on net position use either:

1. externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments; or
2. imposed by law through constitutional provisions or enabling legislation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Town Clerk and Mayor prepare a proposed budget and submit it to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen. These amended amounts are shown in the financial statements.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budgets for the General Fund and Special Revenue Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts or as originally adopted, or as amended from time to time by the Board of Aldermen.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual fund had actual expenditures over budgeted appropriations for the year ended June 30, 2024.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Sales Tax Fund	\$ 10,000	\$ 10,000	\$ 10,920	\$ 920
General Fund	850,064	850,064	872,650	22,586

3. CASH AND CASH EQUIVALENTS

At June 30, 2024, the municipality has cash and cash equivalents (book balances) totaling \$729,672 as follows:

Demand deposits	\$ 625,912
Petty cash	450
Money market investment accounts	103,310
Total	<u>\$ 729,672</u>

The cash and cash equivalents of the Town of Merryville, Louisiana are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. 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 or exceed 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. Louisiana Revised Statute

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name.

At June 30, 2024, the Town of Merryville, Louisiana has \$751,454 in deposits (collected bank balances). These deposits are secured from risk by \$386,737 of federal deposit insurance and \$364,717 of pledged securities held by an unaffiliated bank of the pledgor bank. These pledged securities are deemed by law to be under the control and possession and in the name of the municipality and deposits are therefore properly collateralized.

4. RECEIVABLES

The receivables of \$186,785 at June 30, 2024, are as follows:

Class of receivable	General Fund	Special Revenue Fund	Capital Project Fund	Proprietary Fund	Total
Taxes:					
Ad valorem	\$ 64	\$ -	\$ -	\$ -	\$ 64
Sales and use	-	57,053	-	-	57,053
Franchise	5,845	-	-	-	5,845
Accounts	-	-	-	14,083	14,083
Traffic fines	5,075	-	-	-	5,075
Intergovernmental:					
Federal grants	-	-	78,473	-	78,473
State grants	-	-	22,477	-	22,477
Alcohol taxes	545	-	-	-	545
State mowing contract	3,170	-	-	-	3,170
Total	\$ 14,699	\$ 57,053	\$ 100,950	\$ 14,083	\$ 186,785

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2024, for the primary government is as follows:

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 373,967	\$ -	\$ 363,367	\$ 10,600
Capital assets being depreciated:				
Buildings	\$ 317,938	\$ -	\$ -	\$ 317,938
Vehicles	244,025	-	26,034	217,991
Improvements other than buildings	382,444	7,373	-	389,817
Machinery and equipment	285,743	-	-	285,743
Total capital assets being depreciated	\$ 1,230,150	\$ 7,373	\$ 26,034	\$ 1,211,489
Less accumulated depreciation for:				
Buildings	\$ 186,757	\$ 7,943	\$ -	\$ 194,700
Vehicles	110,590	37,793	26,034	122,349
Improvements other than buildings	266,413	11,574	-	277,987
Machinery and equipment	219,544	5,851	-	225,395
Total accumulated depreciation	\$ 783,304	\$ 63,161	\$ 26,034	\$ 820,431
Total capital assets being depreciated, net	\$ 446,846	\$ (55,788)	\$ -	\$ 391,058
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 37,666	\$ -	\$ -	\$ 37,666
Capital assets being depreciated				
Buildings	\$ 18,328	\$ -	\$ -	\$ 18,328
Improvements other than buildings	7,141,758	548,183	-	7,689,941
Machinery and equipment	308,453	-	-	308,453
Total capital assets being depreciated	\$ 7,468,539	\$ 548,183	\$ -	\$ 8,016,722
Less accumulated depreciation for:				
Buildings	\$ 6,744	\$ 459	\$ -	\$ 7,203
Improvements other than buildings	4,476,580	101,022	-	4,577,602
Machinery and equipment	224,742	10,213	-	234,955
Total accumulated depreciation	\$ 4,708,066	\$ 111,694	\$ -	\$ 4,819,760
Total capital assets being depreciated, net	\$ 2,760,473	\$ 436,489	\$ -	\$ 3,196,962

Depreciation expense of \$63,161 for the year ended June 30, 2024, was charged to the following governmental functions:

Recreation	\$ 3,225
Public works	18,766
Public safety	32,537
General administration	8,633
Total	<u>\$ 63,161</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

6. INVESTED IN CAPITAL ASSETS – NET

	Governmental Funds	Proprietary Fund
Capital assets not being depreciated	\$ 10,600	\$ 37,666
Capital assets being depreciated	1,211,489	8,016,722
Total capital assets	<u>\$ 1,222,089</u>	<u>\$ 8,054,388</u>
Less:		
Accumulated depreciation	<u>\$ 820,431</u>	<u>\$ 4,819,760</u>
Net investment in capital assets	<u>\$ 401,658</u>	<u>\$ 3,234,628</u>

7. CONSTRUCTION COMMITMENTS

The municipality had an active construction project as of June 30 2024. The Town has a sewer system improvement project as of June 30, 2024.

Project	Spent to Date	Remaining Commitment
Sewer System Improvement Project	\$ 30,091	\$ 1,289,909

8. INTERFUND AND TRANSFERS

As of year-end three one-percent sales and use taxes had passed and were being collected and deposited into a special revenue sales tax fund. The money is then transferred out of the sales tax fund and split between the general fund and proprietary fund according to the percentage found in the sales tax resolution. These transfers are completed on a monthly basis and are routine transfers for the town.

	Transfer in	Transfer out
Special revenue fund	\$ -	\$ 603,356
General fund	433,523	-
Proprietary fund	169,833	-
Total	<u>\$ 603,356</u>	<u>\$ 603,356</u>

9. ACCOUNTS AND OTHER PAYABLES

The payables of \$192,410 at June 30, 2024, are as follows:

	General Fund	Special Revenue Fund	Capital Project Fund	Proprietary Fund	Total
Payroll taxes	\$ 2,920	\$ -	\$ -	\$ 1,287	\$ 4,207
Retirement payable	4,554	-	-	-	4,554
Accounts	41,784	624	-	12,482	54,890
Contracts payable	-	-	108,564	-	108,564
Customer deposits	-	-	-	20,195	20,195
Due to others	-	-	-	-	-
Total	<u>\$ 49,258</u>	<u>\$ 624</u>	<u>\$ 108,564</u>	<u>\$ 33,964</u>	<u>\$ 192,410</u>

10. DUE TO/FROM OTHER FUNDS

The composition of interfund balances on June 30, 2024 are as follows:

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

	General Fund	Utility Fund	Projects Fund	Total
Due to	\$ -	\$ 23,189	\$ 370,680	\$ 393,869
Due from	(393,869)	-	-	(393,869)
Total	\$ (393,869)	\$ 23,189	\$ 370,680	\$ -

These balances result from one fund paying expenditures/expenses of another fund and will be liquidated during the following year. The Projects Fund due to of \$370,680 resulted in a grant deposited into the Projects Fund in error and will be corrected in the subsequent year.

11. RESIDUAL EQUITY TRANSFER

As of June 30, 2024 the Town completed a LCDBG waterline project that had been ongoing for several years. The project had been accounted for in a Capital Project Fund since inception. The total cost of the project was transferred to the Utility Fund fixed assets as a residual equity transfer for the year ending June 30, 2024.

12. MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (SYSTEM)

All full time police officers of the Town of Merryville are members of the following statewide retirement system, Municipal Police Employees Retirement System of Louisiana. The system is a cost sharing, multiple-employer defined benefit pension plan administered by separate boards of trustees. Pertinent information relative to the plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.00% of their annual covered salary and the Town of Merryville is required to contribute at an actuarially determined rate. The current rate is 33.925% of annual covered payroll. The contribution requirements of plan members and the Town of Merryville are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Merryville's contributions to the System for the years ending June 30, 2023 and June 30, 2024 were \$17,150 and \$47,136 respectfully, equal to the required contributions for each year.

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

At June 30, 2024, the municipality reported a liability of \$171,152 for its proportionate share of net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The municipality's proportion of the net pension liability was based on a projection of the municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities, actuarially determined. At June 30, 2023 the municipality's proportion was .016200%.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

For the year ended June 30, 2024, the municipality recognized pension expense of \$26,670 minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$33,012. At June 30, 2024, the municipality recognized deferred outflows of resources and deferred inflows of resources related to pension from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,056	\$ 72
Changes of assumptions	2,856	-
Net difference between projected and actual earnings on pension plan investments	18,477	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	99,061	23
Difference between employer and proportionate share of contributions	-	-
Town contributions subsequent to the measurement date	47,136	-
Total	<u>\$ 179,586</u>	<u>\$ 95</u>

The \$47,136 reported as deferred outflows of resources related to pensions resulting from the municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 44,016
2025	37,821
2026	51,440
2027	(922)
Thereafter	-
Total	<u>\$ 132,355</u>

Actuarial Methods and Assumptions

The net pension liability 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 position.

The components of the net pension liability of the Town of Merryville, Louisiana as of June 30, 2023 are as follows:

Total pension liability	\$ 596,412
Less plan fiduciary net position	<u>(425,260)</u>
Total collective net pension liability	<u>\$ 171,152</u>

Plan fiduciary net position as a % of the total pension liability	71.30%
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The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2023	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.75%, net of investment expense	
Expected Remaining Service Lives	2023 – 4 years 2022 – 4 years 2021 – 4 years 2020 – 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 – 2	12.30%
	Above 2	4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The mortality rate assumption used was set based upon an experience study for the period July 1, 2014 through June 30, 2019. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The 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 target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 7.9% for the year ended June 30, 2023.

Town of Merryville, Louisiana

Notes to the Financial Statements (Continued)

The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2023 are summarized in the following table:

Asset Class	June 30, 2023	
	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.29%
Fixed income	34.00%	1.12%
Alternatives	14.00%	0.95%
Totals	100.00%	5.36%
Inflation		2.54%
Expected Arithmetic Nominal Return		7.90%

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 the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the Town of Rosepine, Louisiana calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75%, or one percentage point higher, 7.75%, than the current rate as of June 30, 2023:

	Changes in Discount Rate:		
	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Net Pension Liability	\$ 240,825	\$ 171,152	\$ 112,950

The financial statements include a payment to the pension plan of \$4,554, which is the legally required contribution due at June 30, 2024. This amount is recorded in accrued expenditures.

13. RESTRICTED FUND BALANCE/NET POSITION

The Special Revenue Fund – The Sales Tax Fund had restricted fund balance as follows:

Restricted assets:	
Cash	\$ 33,426
Accounts receivable	57,053
Total	<u>\$ 90,479</u>
Less:	
Liabilities payable from restricted assets:	
Sales tax collection fees	<u>\$ 624</u>
Restricted fund balance	<u>\$ 89,855</u>

Town of Merryville, Louisiana

Notes to the Financial Statements (Concluded)

14. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2024.

	<u>Governmental Fund</u>
	Pension Liability
Long-term obligations at beginning of year	\$ -
Additions	171,152
Reductions	-
Long-term obligations at end of year	<u>\$ 171,152</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2024.

	<u>Proprietary Fund</u>
	Pension Liability
Current portion	\$ -
Long-term portion	171,152
Total	<u>\$ 171,152</u>

15. GOING CONCERN/SUBSEQUENT EVENTS

Management and the Town's financial statement preparer have expressed concerns over the Town's spending subsequent to the year ended June 30, 2024. At June 30, 2024 the general fund had a loss of \$42,683. According to the unaudited financial statements as of September 30, 2024 the general fund is showing a loss of \$79,074 for the three months then ended. Also, the general fund cash account has dropped from \$170,308 to \$66,368 for the same three months then ended. As of June 30, 2024 the general fund had a fund balance of \$533,419 that was composed mainly of a due from the capital project fund of \$393,864 which was ARPA money received in a prior year and deposited into the capital project fund. At this time, management believes that this money may be used for sewer improvements. If this were the case, the funds would not be available to repay the general fund.

The utility fund shows a loss of \$138,506 as of June 30, 2024 with a negative cash flow of \$202,406 as of that date. Subsequent to June 30, 2024 the Town has increased their water rates to help with the utility fund losses and as of September 30, 2024 the unaudited financial statements show a profit of \$3,838 for the three months then ended. Also, subsequent to year end the Town's finance director has resigned, therefore the September 30, 2024 unaudited financial statements were all that were available subsequent to the year end of June 30, 2024.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Ad valorem	\$ 37,000	\$ 37,000	\$ 44,089	\$ 7,089
Franchise fees	38,000	38,000	38,188	188
Charges for services	51,840	51,840	51,212	(628)
Intergovernmental:				
Alcohol taxes	2,500	2,500	1,762	(738)
Federal grants	-	-	-	-
State grants	5,500	5,500	-	(5,500)
Local grants	-	-	-	-
Occupational licenses and permits	1,200	1,200	1,276	76
Fines and forfeitures	250,000	250,000	249,146	(854)
Rentals	5,500	5,500	4,935	(565)
Donations	-	-	-	-
Miscellaneous	44,000	44,000	1,580	(42,420)
Total revenues	<u>\$ 435,540</u>	<u>\$ 435,540</u>	<u>\$ 392,188</u>	<u>\$ (43,352)</u>
Expenditures				
General government and administration	\$ 379,425	\$ 379,425	\$ 207,225	\$ 172,200
Public safety	343,639	343,639	380,098	(36,459)
Public works	123,500	123,500	275,860	(152,360)
Recreation	3,500	3,500	2,094	1,406
Capital outlay	-	-	7,373	(7,373)
Total expenditures	<u>\$ 850,064</u>	<u>\$ 850,064</u>	<u>\$ 872,650</u>	<u>\$ (22,586)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (414,524)</u>	<u>\$ (414,524)</u>	<u>\$ (480,462)</u>	<u>\$ (65,938)</u>
Other financing sources (uses):				
Transfer in	\$ 415,000	\$ 415,000	\$ 433,523	\$ 18,523
Sale of assets	-	-	4,256	4,256
Total other financing sources (uses):	<u>\$ 415,000</u>	<u>\$ 415,000</u>	<u>\$ 437,779</u>	<u>\$ 22,779</u>
Net change in fund balance	\$ 476	\$ 476	\$ (42,683)	\$ (43,159)
Fund balances at beginning of year	<u>575,000</u>	<u>576,102</u>	<u>576,102</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 575,476</u></u>	<u><u>\$ 576,578</u></u>	<u><u>\$ 533,419</u></u>	<u><u>\$ (43,159)</u></u>

Special Revenue Fund
Sales Tax Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amount	Budget to Actual differences over (under)
	Original	Final		
Revenues				
Taxes:				
Sales	\$ 425,000	\$ 425,000	\$ 570,345	\$ 145,345
Occupational licenses	35,000	35,000	46,999	11,999
Total revenues	<u>\$ 460,000</u>	<u>\$ 460,000</u>	<u>\$ 617,344</u>	<u>\$ 157,344</u>
Expenditures				
General government and administration	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 10,920</u>	<u>\$ (920)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 606,424</u>	<u>\$ 156,424</u>
Other financing sources (uses):				
Transfers out	<u>\$ (450,000)</u>	<u>\$ (450,000)</u>	<u>\$ (603,356)</u>	<u>\$ (153,356)</u>
Net change in fund balance	\$ -	\$ -	\$ 3,068	\$ 3,068
Fund balances at beginning of year	<u>85,000</u>	<u>86,787</u>	<u>86,787</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 85,000</u></u>	<u><u>\$ 86,787</u></u>	<u><u>\$ 89,855</u></u>	<u><u>\$ 3,068</u></u>

Schedule of the Town's Proportionate Share of the Net Pension Liability
For the Year Ending June 30, 2024

Municipal Police Employees' Retirement System	<u>June 30, 2024</u>
Town's proportion of the net pension liability (asset)	.016200
Town's proportionate share of the net pension liability (asset)	\$ 171,152
Town's covered-employee payroll	\$ 138,942
Town's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	123.18%
Plan fiduciary net position as a percentage of the total pension liability	71.30%

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

Schedule of the Town's Pension Contributions
For the Year Ended June 30, 2024

Municipal Police Employees' Retirement System	June 30, 2024
	<hr/>
Contractually required contribution	\$ 47,136
Contributions in relation to the contractually required contribution	<hr/> 47,136
Contribution deficiency (excess)	<hr/> \$ -
Town's covered-employee payroll	\$ 138,942
Contributions as a percentage of covered-employee payroll	33.925%

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

OTHER SUPPLEMENTAL INFORMATION

Schedule of Per Diem Paid to Board Members
Year Ended June 30, 2024

<u>Board Members</u>	<u>Total Paid</u>
Daniel Campbell	\$ 1,200
Darrell Thompson	1,200
Fred Walker	1,200
Sara Sellers	1,200
Sharon Myers	1,200
	<u>\$ 6,000</u>

Schedule of Compensation, Benefits and
Other Payments to Agency Head
For the Year ended June 30, 2024

<u>Agency Head Name - Shelia Smith</u>	<u>Amount</u>
Salary	\$ 12,000
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-

Town of Merryville, Louisiana
LLA Entity ID # 2293
Justice System Funding Schedule -
Collecting/Disbursing Entity
For the Year Ended June 30, 2024

Schedule 7

	First Six Month Period Ended 12/31/2023	Second Six Month Period Ended 6/30/2024
Beginning balance of amounts collected (cash on hand)	\$ -	\$ -
Collections:		
Criminal Court Costs/Fees	\$ 200	\$ 1,188
Criminal Fines - Other	113,513	115,405
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	5,974	6,073
Subtotal collections	\$ 119,687	\$ 122,666
Disbursements to governments & nonprofits:		
Judicial College Form A - Criminal Court Costs	\$ -	\$ 126
Trial Court Case Management Information System - Criminal Court Costs	200	1,062
Amounts Retained by Collection Agency:		
Town of Merryville Criminal Fines - Other	\$ 113,513	\$ 115,405
Disbursements to Individuals/3rd Party Collection Processing Agencies:		
Payments to 3rd Party Collection/Processing Agencies	\$ 5,974	\$ 6,073
Subtotal Disbursements/Retainage	\$ 119,687	\$ 122,666
Ending Balance of Amounts Collected but not Disbursed/Retained	\$ -	\$ -
Ending Balance of "Partial Payments" Collected but not Disbursed	\$ -	\$ -

OTHER REPORTS

Schedule of Prior Year Audit Findings
Year Ended June 30, 2024

Finding – Financial Statement AuditAudit Finding No. 2023-1Town's Deposits Not Fully Covered by FDIC Insurance and Pledged Securities

Condition: As of June 30, 2023, the Town of Merryville had \$963,681.43 on deposit with Sabine State Bank. These deposits were covered by \$335,264.00 of Federal Deposit Insurance Corporation (FDIC) and pledged securities with a market value of \$598,766.36, for a total coverage of \$934,030.36, leaving \$29,651.07 unsecured.

Criteria: The law states that all deposits of a municipality should be adequately covered by FDIC insurance and pledged securities.

Cause and Condition: A large deposit was made on June 30, 2023 that put the Town over the coverage limit for that day and was discovered by the bank on July 3, 2023 after additional securities were pledged.

Effect of Condition: Violation of law concerning deposits being fully covered by FDIC insurance and pledged securities.

Recommendation: We recommend that the Town monitor the bank's FDIC coverage and securities pledged throughout the year to insure that deposits are fully covered at all times.

Date of Initial Occurrence - December 31, 2023

Corrective Action Taken - Yes

Finding – Financial Statement AuditAudit Finding No. 2023-2Payroll Tax Returns Not Accurately Filed

Condition: Payroll tax returns not accurately filed for state supplemental pay received by police and the municipal police employees' retirement system.

Criteria: Rules on how to handle state supplemental pay for deputies and amounts withheld for police retirement are specific on additions to or deductions from reported gross income on payroll tax returns and W-2s.

Cause and Condition: The Town was not aware of rules regarding the supplemental pay and retirement withholding. This was also the first year of police retirement withholding for the Town.

Effect of Condition: Violation of rules regarding state supplemental pay and police retirement withholding and how the payroll tax returns are affected. Incorrect filing of payroll tax returns and W-2s.

Recommendation: We recommend that amended payroll tax returns and W-2s be filed by the Town. Also, future returns should be monitored by the Town and reviewed by their CPA.

Date of Initial Occurrence - December 31, 2023

Corrective Action Taken - Yes

Schedule of Current Year Audit Findings and Management's Response
Year Ended June 30, 2024

Finding – Financial Statement AuditAudit Finding No. 2024-1Budget Not Amended When Budget Variances Exceeded Allowable Limit

Condition:	Actual revenues in the general fund fell short of budgeted revenues by 11.05% and the budget was not amended for the shortfall.
Criteria:	The Louisiana Budget Act requires that anytime actual revenues fall short of budgeted revenues by more than 5.00% the budget should be amended.
Cause and Condition:	There was no amended budget filed by the Town. The finance director resigned and no amended budget was ever completed.
Effect of Condition:	Violation of the Louisiana Budget Act.
Recommendation:	We recommend that the budget be more closely monitored and anytime that actual revenues fall short of budgeted revenues by more than 5.00% the Mayor be notified and the budget presented to the board for amendment. Also, the Town should work more closely with their CPA in preparing and amending budgets.



Town of Merryville

1009 Hwy 110 W.
Merryville, L.A. 70653
Phone: (337) 825-8740

Shelia L. Smith
Mayor

Sara Sellers
Mayor Pro-Tem

December 31, 2024

Louisiana Legislative Auditor

100 North 3rd Street

Baton Rouge, La 70802

To Whom It May Concern:

Our audit for our fiscal year that ended on June 30, 2024 and the we had one finding.

Audit Finding No. 2024-1

The General Fund fell short of budgeted revenue by 11.05% and the budget was not amended for the shortfall.

There was no amended budget filed by the Town. The finance director resigned and no amended budget was ever completed.

The Mayor and the financial director will closely monitor the budget and anytime that actual revenue falls short of budgeted revenues by more than 5.00%, the Mayor will be notified and the budget presented to the board of aldermen for amendments. The Town will work closely with our CPA in preparing and amending budgets.

Sincerely yours,

Shelia L. Smith

Mayor

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USDA, Director, office of Civil Rights, Washington, DC 20250-9410

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Governmental Audit Quality Center

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Members of Society of Louisiana CPAs

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

The Honorable Sheila Smith, Mayor
and the Members of the Board of Aldermen
Town of Merryville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Town of Merryville, Louisiana as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Merryville, Louisiana's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Merryville, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 current year audit findings and management's response as item Audit Finding No. 2024-1.

The Honorable Sheila Smith, Mayor
and Members of the Board of Aldermen
Town of Merryville, Louisiana

Town of Merryville, State of Louisiana's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "John A. Windham, CPA". The signature is written in a cursive, flowing style.

DeRidder, Louisiana
December 16, 2024

Windham & Reed, L.L.C.

Certified Public Accountants

1620 North Pine Street
DeRidder, LA 70634
Tel: (337) 462-3211
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John A. Windham, CPA
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Members of Society of Louisiana CPAs

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Sheila Smith, Mayor
and the Members of the Board of Aldermen
Town of Merryville, Louisiana

To the Town of Merryville, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. Town of Merryville, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Town of Merryville, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. 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 rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

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

Written policies and procedures obtained and address the functions listed.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
No exceptions noted.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
No exceptions noted.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
No exceptions noted.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
Exception: No evidence of written updates could be obtained; however, prior year findings were corrected.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating

account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

No exceptions noted.

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

Not applicable.

4) Collections (excluding electronic funds transfers)

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

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

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

The current employee responsible for collections also reconciles to the general ledger. This is mitigated by their outside CPA who reviews their bank reconciliations and financials.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

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

- i. Observe that receipts are sequentially pre-numbered.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Examined two random deposit dates for each account, no exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

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

No exceptions noted; vendor files and release of funds are monitored by the Town's outside CPA.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic*

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

No exceptions noted.

6) 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 purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #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 (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

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

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

No exceptions noted.

8) Contracts

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

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- No exceptions noted.*
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

No exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10) Ethics

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

No exceptions noted.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service – Not Applicable

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Not applicable.

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

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

Exception: No documentation on hand; management is addressing the issue to ensure future compliance.
 - Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions noted to backups properly working.

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

No exceptions noted.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Not applicable.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

Cybersecurity training not completed.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

No exceptions noted.

- 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).

No exceptions noted.

- 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.

No exceptions noted.

We were engaged by the Town of Merryville, Louisiana 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.

The Honorable Sheila Smith, Mayor
and Members of the Board of Aldermen
Town of Merryville, Louisiana

We are required to be independent of the Town of Merryville, Louisiana 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.

Windham & Reed CPA, L.L.C.
DeRidder, Louisiana
December 16, 2024