

TOWN OF WASHINGTON, LOUISIANA

Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Victor R. Slaven, CPA* - retired 2020
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* A Professional Accounting Corporation

The Honorable Dwight Landreneau, Mayor
and Members of the Board of Aldermen
Town of Washington, 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 Washington, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2023, 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer's share of net pension liability, and schedule of employer contributions, on pages 39 - 45, 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

The Town 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's basic financial statements. The comparative and combining statements and Justice System Funding Schedule 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 comparative and combining statements and Justice System Funding Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2023

BASIC FINANCIAL STATEMENTS

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and interest-bearing deposits	\$ 188,834	\$ 148,855	\$ 337,689
Receivables, net	35,925	83,017	118,942
Due from other governmental units	-	6,500	6,500
Restricted assets -			
Cash and interest-bearing deposits	-	48,520	48,520
Capital assets:			
Non-depreciable	143,767	123,197	266,964
Depreciable, net	673,570	1,298,999	1,972,569
Right to use lease assets, net	149,880	-	149,880
Total assets	<u>1,191,976</u>	<u>1,709,088</u>	<u>2,901,064</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	<u>162,308</u>	<u>-</u>	<u>162,308</u>
LIABILITIES			
Accounts and other payables	147,246	63,000	210,246
Accrued interest payable	1,330	-	1,330
Customers' deposits	-	48,520	48,520
Long-term liabilities:			
Due within one year -			
Lease liability	34,833	-	34,833
Due after one year -			
Compensated absences payable	8,179	2,793	10,972
Lease liability	124,391	-	124,391
Net pension liability	<u>206,122</u>	<u>-</u>	<u>206,122</u>
Total liabilities	<u>522,101</u>	<u>114,313</u>	<u>636,414</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	<u>6,948</u>	<u>-</u>	<u>6,948</u>
NET POSITION			
Net investment in capital assets	807,994	1,422,196	2,230,190
Restricted for sales tax dedications	9,724	-	9,724
Unrestricted	<u>7,517</u>	<u>172,579</u>	<u>180,096</u>
Total net position	<u>\$ 825,235</u>	<u>\$ 1,594,775</u>	<u>\$ 2,420,010</u>

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2023

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General government	\$ 281,530	\$ 100,865	\$ 169,298	\$ (11,367)	\$ -	\$ (11,367)
Public safety	269,934	188,417	21,079	(60,438)	-	(60,438)
Public works	245,358	-	107,429	(137,929)	-	(137,929)
Culture and recreation	142,281	-	2,750	(139,531)	-	(139,531)
Economic development	2,551	-	-	(2,551)	-	(2,551)
Interest	1,330	-	-	(1,330)	-	(1,330)
Total governmental activities	<u>942,984</u>	<u>289,282</u>	<u>300,556</u>	<u>(353,146)</u>	<u>-</u>	<u>(353,146)</u>
Business-type activities:						
Water	210,634	229,702	98,235	-	117,303	117,303
Sewer	188,872	107,657	14,782	-	(66,433)	(66,433)
Gas	249,641	304,883	-	-	55,242	55,242
Total business-type activities	<u>649,147</u>	<u>642,242</u>	<u>113,017</u>	<u>-</u>	<u>106,112</u>	<u>106,112</u>
Total primary government	<u>\$ 1,592,131</u>	<u>\$ 931,524</u>	<u>\$ 413,573</u>	<u>(353,146)</u>	<u>106,112</u>	<u>(247,034)</u>
General revenues:						
Taxes -						
Ad valorem taxes, levied for general purposes				30,143	-	30,143
Sales and use taxes, levied for general purposes				149,036	-	149,036
Franchise taxes				52,683	-	52,683
Grants and contributions not restricted to specific programs -						
State sources				27,172	-	27,172
Nonemployer pension contribution				4,486	-	4,486
Interest				126	1,990	2,116
Miscellaneous				105,386	5,480	110,866
Transfers				40,000	(40,000)	-
Total general revenues				<u>409,032</u>	<u>(32,530)</u>	<u>376,502</u>
Change in net position				55,886	73,582	129,468
Net position, beginning				<u>769,349</u>	<u>1,521,193</u>	<u>2,290,542</u>
Net position, ending				<u>\$ 825,235</u>	<u>\$ 1,594,775</u>	<u>\$ 2,420,010</u>

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund

Special Revenue Funds

Sales Tax Fund

To account for the collection of a 1.2% sales and use tax and its subsequent disbursement in accordance with the sales tax dedication. The proceeds of the 1.2% sales tax are dedicated to sewer, sewer disposal, construction, improvement and maintenance of public streets, sidewalks and drainage facilities.

Cemetery Fund

To account for the collection of interment fees, permit fees and plot sales for the Cedar Hill cemetery and maintenance of the cemetery.

Enterprise Fund

To account for the provision of gas, water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF WASHINGTON, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2023

	<u>General</u>	<u>Sales Tax</u>	<u>Cemetery</u>	<u>Total</u>
ASSETS				
Cash and interest-bearing deposits	\$ 171,921	\$ 9,724	\$ 7,189	\$ 188,834
Receivables	<u>35,925</u>	<u>-</u>	<u>-</u>	<u>35,925</u>
Total assets	<u>\$ 207,846</u>	<u>\$ 9,724</u>	<u>\$ 7,189</u>	<u>\$ 224,759</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 106,694	\$ -	\$ 125	\$ 106,819
Accrued liabilities	6,461	-	-	6,461
Ticket fine fees payable	<u>33,966</u>	<u>-</u>	<u>-</u>	<u>33,966</u>
Total liabilities	<u>147,121</u>	<u>-</u>	<u>125</u>	<u>147,246</u>
Fund balances.				
Restricted - sales tax dedications	-	9,724	-	9,724
Committed - perpetual care	-	-	7,064	7,064
Unassigned	<u>60,725</u>	<u>-</u>	<u>-</u>	<u>60,725</u>
Total fund balances	<u>60,725</u>	<u>9,724</u>	<u>7,064</u>	<u>77,513</u>
Total liabilities and fund balances	<u>\$ 207,846</u>	<u>\$ 9,724</u>	<u>\$ 7,189</u>	<u>\$ 224,759</u>

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

TOWN OF WASHINGTON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2023

Total fund balances for the governmental funds at June 30, 2023		\$ 77,513
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 143,767	
Buildings, net of \$642,087 accumulated depreciation	500,213	
Equipment, net of \$79,246 accumulated depreciation	2,158	
Other improvements, net of \$283,270 accumulated depreciation	<u>171,199</u>	817,337
Right to use lease assets used in governmental activities are not financial resources, and therefore, are not reported in the fund.		
Right to use lease assets, net of \$9,344 accumulated amortization		149,880
Deferred outflows of expenditures are not a use of current resources and, therefore, are not reported in the funds		
Pension plan		162,308
Some liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds		
Interest payable	(1,330)	
Compensated absences payable	(8,179)	
Lease liability	(159,224)	
Net pension liability	<u>(206,122)</u>	(374,855)
Deferred inflows of contributions are not available resources and, therefore, are not reported in the funds		
Pension plan		<u>(6,948)</u>
Net position at June 30, 2023		<u>\$ 825,235</u>

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Sales Tax</u>	<u>Cemetery</u>	<u>Total</u>
Revenues:				
Taxes	\$ 82,826	\$ 149,036	\$ -	\$ 231,862
Licenses and permits	77,240	-	-	77,240
Intergovernmental revenues	330,798	-	-	330,798
Charges for services	-	-	23,625	23,625
Fines and forfeits	188,417	-	-	188,417
Miscellaneous	86,290	7	-	86,297
Total revenues	<u>765,571</u>	<u>149,043</u>	<u>23,625</u>	<u>938,239</u>
Expenditures:				
Current -				
General government	252,961	1,187	26,967	281,115
Public safety	292,623	-	-	292,623
Public works	240,047	-	-	240,047
Culture and recreation	102,882	-	-	102,882
Economic development	2,551	-	-	2,551
Capital outlay	234,071	-	-	234,071
Total expenditures	<u>1,125,135</u>	<u>1,187</u>	<u>26,967</u>	<u>1,153,289</u>
Excess (deficiency) of revenues over expenditures	<u>(359,564)</u>	<u>147,856</u>	<u>(3,342)</u>	<u>(215,050)</u>
Other financing sources (uses):				
Inception of lease	159,224	-	-	159,224
Proceeds from sale of capital assets	16,145	-	-	16,145
Transfers in	189,000	-	-	189,000
Transfers out	-	(149,000)	-	(149,000)
Total other financing sources (uses)	<u>364,369</u>	<u>(149,000)</u>	<u>-</u>	<u>215,369</u>
Net change in fund balances	4,805	(1,144)	(3,342)	319
Fund balances, beginning	<u>55,920</u>	<u>10,868</u>	<u>10,406</u>	<u>77,194</u>
Fund balances, ending	<u>\$ 60,725</u>	<u>\$ 9,724</u>	<u>\$ 7,064</u>	<u>\$ 77,513</u>

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

TOWN OF WASHINGTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2023

Total net change in fund balance for the year ended June 30, 2023 per the statement of revenues, expenditures and changes in fund balances		\$	319
The change in net position reported for governmental activities in the statement of activities is different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay which is considered expenditures on statement of revenues, expenditures, and changes in fund balances	\$	74,847	
Depreciation expense		(40,514)	
Loss on disposal of capital assets		<u>(4,367)</u>	29,966
Right to use asset capital outlay which is considered expenditures on the statement of revenues, expenditures, and changes in fund balance			
Amortization expense		159,224	
		<u>(9,344)</u>	149,880
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Proceeds from right to use leases			(159,224)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.			
Accrued interest payable		(1,330)	
Compensated absences payable		637	
Net pension liability		<u>35,638</u>	<u>34,945</u>
Change in net position for the year ended June 30, 2023 per the statement of activities			<u>\$ 55,886</u>

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Net Position
 Proprietary Fund - Enterprise Fund
 Utility Fund
 June 30, 2023

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 148,855
Receivables -	
Accounts, net	51,920
Unbilled utility receivables	31,097
Due from other governmental units	<u>6,500</u>
Total current assets	<u>238,372</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	48,520
Capital assets -	
Land	123,197
Capital assets, net	<u>1,298,999</u>
Total noncurrent assets	<u>1,470,716</u>
Total assets	<u>1,709,088</u>

LIABILITIES

Current liabilities:	
Accounts payable	59,189
Accrued liabilities	3,811
Payable from restricted assets -	
Customers' deposits	<u>48,520</u>
Total current liabilities	111,520
Noncurrent liabilities:	
Compensated absences payable	<u>2,793</u>
Total liabilities	<u>114,313</u>

NET POSITION

Net investment in capital assets	1,422,196
Unrestricted	<u>172,579</u>
Total net position	<u>\$ 1,594,775</u>

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Fund - Enterprise Fund
 Utility Fund
 For the Year Ended June 30, 2023

Operating revenues:	
Charges for services -	
Gas sales	\$ 288,096
Water sales	214,166
Sewer service charge	107,657
Other	<u>32,323</u>
Total operating revenues	<u>642,242</u>
Operating expenses:	
Gas department expenses	226,177
Water department expenses	171,876
Sewerage department expenses	153,516
Depreciation expense	<u>96,231</u>
Total operating expenses	<u>647,800</u>
Operating loss	<u>(5,558)</u>
Non-operating revenues:	
Interest income	1,990
State grant revenue	98,235
Federal grant revenue	14,782
Miscellaneous revenue	5,480
Miscellaneous expense	<u>(1,347)</u>
Total non-operating revenues (expenses)	<u>119,140</u>
Income before transfers	<u>113,582</u>
Transfers in (out)	
Transfers in	25,000
Transfers out	<u>(65,000)</u>
Total transfers in (out)	<u>(40,000)</u>
Change in net position	73,582
Net position, beginning	<u>1,521,193</u>
Net position, ending	<u>\$ 1,594,775</u>

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

TOWN OF WASHINGTON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - Enterprise Fund
 Utility Fund
 For the Year Ended June 30, 2023

Cash flows from operating activities:	
Receipts from customers	\$ 581,623
Payments to suppliers	(484,411)
Payments to employees	(146,328)
Other receipts	<u>32,323</u>
Net cash used by operating activities	<u>(16,793)</u>
Cash flows from noncapital financing activities:	
Grant revenue	113,017
Miscellaneous income	4,133
Transfers from other funds	25,000
Transfers to other funds	(65,000)
Net change in meter deposits	<u>6,310</u>
Net cash provided by noncapital financing activities	<u>83,460</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(75,585)</u>
Cash flows from investing activities:	
Interest on interest-bearing deposits	<u>1,990</u>
Net decrease in cash and cash equivalents	(6,928)
Cash and cash equivalents, beginning of period	<u>204,303</u>
Cash and cash equivalents, end of period	<u>\$ 197,375</u>
Reconciliation of operating (loss) income to net cash provided by operating activities:	
Operating loss	<u>\$ (5,558)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	96,231
Provision for bad debt	(9,390)
Changes in current assets and liabilities:	
Account receivable	(7,748)
Due from other governmental units	5,994
Unbilled utility receivables	(11,158)
Accounts payable	(87,054)
Accrued liabilities	1,960
Compensated absences	<u>(70)</u>
Total adjustments	<u>(11,235)</u>
Net cash used by operating activities	<u>\$ (16,793)</u>

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

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

The Town of Washington was incorporated under the provisions of the Lawrason Act. The Town changed to Home Rule Charter in October 2010. The Town operates under the Mayor-Board of Aldermen form of government and provides the following services to the residents of the Town as authorized by its charter: public safety, streets, water, gas, and sewer services, culture and recreation, and general and administrative services.

This report includes all funds and activities that are controlled by the Town as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The government-wide financial statements provide operational accountability information for the Town as an economic unit. The government-wide financial statements report the Town's ability to maintain service levels and continue to meet its obligations as they come due. The statements include all governmental activities and all business-type activities of the Town.

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

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance-net position, revenues, expenditures expenses, and transfers. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The General Fund is always a major governmental fund. Other individual major governmental and enterprise funds are determined as funds whose revenues, expenditures/expenses, assets and deferred outflows of resources, or liabilities and deferred inflows of resources, are at least ten percent of the corresponding totals for all funds of that category or type (total governmental or enterprise fund) and at least five percent of the corresponding total for all governmental fund and enterprise funds combined or funds designated as major at the discretion of the Town. Funds not classified as a major fund are aggregated and presented in a single column in the fund financial statements.

Governmental Funds -

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports these major governmental funds and fund types:

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of government grants or other specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects of the Town. The Town reports two major Special Revenue Funds as follows:

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Sales Tax Fund

The Sales Tax Fund accounts for the receipts and disbursements of proceeds from the Town's 1.2% sales and use tax levy. These taxes are dedicated for: (1) sewer and sewerage disposal and (2) constructing, improving, and maintaining public streets, sidewalks, and drainage facilities.

Cemetery Fund

The Cemetery Fund accounts for the collection of interment fees, permit fees, and plot sales for the Cedar Hill cemetery and for maintenance of the cemetery.

Proprietary Funds –

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The Town's proprietary fund type is an enterprise fund.

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

C. Measurement Focus and Basis of Accounting

Measurement Focus

The measurement focus determines the accounting and financial reporting treatment applied to a fund.

The governmental and business-type activities within the government-wide statement of net position and statement of activities are presented using the economic resources measurement focus. The economic resources measurement focus meets the accounting objectives of determining net income, net position, and cash flows.

The fund financial statements use either the current financial resources measurement focus, or the economic resources measurement focus as appropriate. Governmental funds use the current financial resources measurement focus. This measurement focus is based upon the receipt and disbursement of current available financial resources rather than upon net income. The measurement focus of the proprietary fund type, the flow of economic resources, is based upon determination of net income, net position, and cash flows.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. An exception to this is grants collected on a reimbursement basis. Those reimbursable grants are recognized as revenue when reimbursable expenditures are made. Property tax revenues are recognized in the period for which levied provided they are also available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Allocation of indirect expenses

The Town reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity

Cash and interest-bearing deposits

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

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include franchise, beer taxes, and racino revenues. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$6,863 at June 30, 2023. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

Capital assets, which include buildings and improvements, equipment, utility system and improvements, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Town maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10-30 years
Gas system	10-50 years
Sewer system	25 years
Water system	10-40 years
Other improvements	10-15 years
Equipment	5-10 years

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

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the customer meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The Town's long-term debt at June 30, 2023 consists of lease liabilities.

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

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Vacation leave is earned at the rate of 84 hours annually from one year through five years of service, 96 hours annually after five years through ten years of service, 108 hours annually after ten years through than fifteen years of service and 140 hours annually after sixteen years of service. Vacation leave earned can be carried over from one year to the next, not to exceed twelve months allowable vacation leave

Sick leave is earned at the rate of 63 hours annually from three months through five years of service, 67 hours annually after five years through ten years of service, and 70 hours annually after ten years of service. Sick leave earned can be carried over from one year to the next, not to exceed 12 months allowable sick leave. However, sick leave is not payable upon termination of employment.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2023, deferred outflows of resources and deferred inflows of resources are attributable to its pension plan.

Pensions

The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense (See Note 12), have been determined using the flow of economic resources measurement focus and full accrual basis of accounting. Member's earnable compensation, for which the employer allocations are based, is recognized in the period in which the employee is compensated for services performed. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Non-employer contributions are recognized as revenue in the government-wide financial statements. In the governmental fund financial statements contributions are recognized as expenditures when made.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

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

- a. Net investment in capital assets consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or laws through constitutional provisions or enabling legislation. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. It is the Town's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net positions are available for an expense which has been incurred. At June 30, 2023, the Town reported \$9,724 of restricted net position which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes determined by a formal decision of the Town's Mayor and Board of Aldermen.
- e. Unassigned – all other spendable amounts.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

It is the Town's policy to use restricted amounts first when both restricted and unrestricted fund balance is available unless prohibited by legal or contractual provisions. Additionally, the Town uses committed, assigned, and lastly unassigned amounts of fund balance in that order when expenditures are made. Enterprise Fund equity at the fund level is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Revenues

Ad valorem taxes are recorded in the year taxes are due and payable. Interest income on deposits is recorded as revenues when earned. Sales taxes, franchise fees, and intergovernmental revenues are recorded when the Town is entitled to the funds. Substantially all other revenues are recorded when received.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities. In the fund financial statements, expenditures are classified by character for governmental funds and by operating and nonoperating for proprietary funds. In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales Tax	See Note 4
Gas, water, and sewer revenue	Utility Operations

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

G. Use of Estimates

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

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2023, the Town had cash and interest-bearing deposits (book balances) comprised as follows:

Demand deposits (interest and non-interest bearing)	\$ 205,806
Savings	<u>180,403</u>
Total	<u>\$386,209</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2023, bank balances secured as follows:

Bank balances	<u>\$ 474,064</u>
Federal deposit insurance	\$ 438,462
Pledged securities	<u>17,801</u>
Total federal deposit insurance and pledged securities	<u>\$ 456,263</u>

Deposits in the amount of \$17,801 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions' trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1st of each year. Taxes are levied in October and billed to the taxpayers in December. Billed taxes are due by December 31st and become delinquent on January 1st of the following year. The taxes are based on assessed values determined by the St. Landry Parish Assessor and are collected and remitted to the Town by the St. Landry Parish Sheriff.

Taxes of 6.55 mills were levied on property with assessed valuations totaling \$4,623,950 for the year ended June 30, 2023 and were dedicated for general corporate purposes. Total taxes levied were \$30,287.

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

Proceeds of the 1.2% sales and use tax were approved January 10, 1967, (accounted for in the Sales Tax Fund - a special revenue fund) and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and/or maintaining drainage facilities, streets, sidewalks and fire department stations and equipment, including fire engines, and purchasing and acquiring equipment and furnishings for the aforesaid public works, improvements and facilities, title to which shall be in the public name.

(5) Receivables

Receivables consist of the following at June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Accounts	\$ -	\$ 51,920	\$ 51,920
Unbilled utility	-	31,097	31,097
Occupational licenses	10,985	-	10,985
Franchise taxes	9,960	-	9,960
Casino revenue	4,338	-	4,338
Other	10,642	-	10,642
Totals	<u>\$ 35,925</u>	<u>\$ 83,017</u>	<u>\$ 118,942</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units in the business-type activities at June 30, 2023 consist of a Community Water Enrichment grant received after year end for reimbursed expenses.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Capital Assets

Capital asset activity for the year ended June 30, 2023 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 143,767	\$ -	\$ -	\$ 143,767
Other capital assets:				
Buildings	1,154,300	-	-	1,154,300
Equipment	158,287	-	88,883	69,404
Other improvements	379,622	74,847	-	454,469
Total assets	<u>1,835,976</u>	<u>74,847</u>	<u>88,883</u>	<u>1,821,940</u>
Less accumulated depreciation				
Buildings	615,574	34,146	7,633	642,087
Equipment	155,989	140	76,883	79,246
Other improvements	277,042	6,228	-	283,270
Total accumulated depreciation	<u>1,048,605</u>	<u>40,514</u>	<u>84,516</u>	<u>1,004,603</u>
Capital assets, net	<u>\$ 787,371</u>	<u>\$ 34,333</u>	<u>\$ 4,367</u>	<u>\$ 817,337</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - water system	\$ 123,197	\$ -	\$ -	\$ 123,197
Other capital assets:				
Buildings	24,057	-	-	24,057
Gas system	438,578	-	-	438,578
Water system	2,672,323	-	-	2,672,323
Sewer system	2,705,807	-	-	2,705,807
Equipment	50,058	75,585	-	125,643
Totals	<u>6,014,020</u>	<u>75,585</u>	<u>-</u>	<u>6,089,605</u>
Less accumulated depreciation				
Buildings	24,057	-	-	24,057
Gas system	246,225	10,550	-	256,775
Water system	2,026,661	37,411	-	2,064,072
Sewer system	2,257,837	35,357	-	2,293,194
Equipment	16,398	12,913	-	29,311
Total accumulated depreciation	<u>4,571,178</u>	<u>96,231</u>	<u>-</u>	<u>4,667,409</u>
Capital assets, net	<u>\$ 1,442,842</u>	<u>\$ (20,646)</u>	<u>\$ -</u>	<u>\$ 1,422,196</u>

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows.

General government	\$ 491
Public safety	624
Culture and recreation	<u>39,399</u>
Total depreciation expense	<u>\$ 40,514</u>

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

Gas	\$ 23,464
Water	37,411
Sewer	<u>35,356</u>
Total depreciation expense	<u>\$ 96,231</u>

Lease asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Right of use lease assets -				
Vehicles	\$ -	\$ 159,224	\$ -	\$ 159,224
Less accumulated amortization	<u>-</u>	<u>9,344</u>	<u>-</u>	<u>9,344</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 149,880</u>	<u>\$ -</u>	<u>\$ 149,880</u>

Amortization expense in the amount of \$9,344 was charged to the public safety law enforcement governmental activity.

(8) Restricted Assets - Proprietary Fund Type

Restricted assets consist of the following at June 30, 2023:

Customers' deposits	<u>\$ 48,520</u>
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TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Accounts and Other Payables

Accounts and other payables at June 30, 2023 consist of the following.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 106,819	\$ 59,189	\$ 166,008
Ticket fine fees	33,966	-	33,966
Safe drinking water fee	-	3,811	3,811
Payroll related liabilities	<u>6,461</u>	<u>-</u>	<u>6,461</u>
Totals	<u>\$ 147,246</u>	<u>\$ 63,000</u>	<u>\$ 210,246</u>

(10) Ticket Fine Fees Payable

The Town collects fees included in fine revenues which are subsequently remitted to various agencies in accordance with state statutes. At June 30, 2023, the Town owed amounts from fines to the following agencies:

St. Landry Crime Stoppers	\$ 4,004
Louisiana Commission on Law Enforcement	11,579
State of Louisiana Supreme Court - Case Management Information System	4,033
Department of Health and Hospitals	<u>14,350</u>
Total	<u>\$ 33,966</u>

(11) Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Lease liability	\$ -	\$ 159,224	\$ -	\$ 159,224	\$ 34,833
Compensated absences	<u>8,816</u>	<u>9,363</u>	<u>10,000</u>	<u>8,179</u>	<u>-</u>
Total	<u>\$ 8,816</u>	<u>\$ 168,587</u>	<u>\$ 10,000</u>	<u>\$ 167,403</u>	<u>\$ 34,833</u>
Business-type activities:					
Compensated absences	<u>\$ 2,863</u>	<u>\$ 2,453</u>	<u>\$ 2,523</u>	<u>\$ 2,793</u>	<u>\$ -</u>

Compensated absences are liquidated by the General Fund and Utility Fund. The lease liability is liquidated by the General Fund.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Leased Assets:

During the year ending June 30, 2023, the Town entered into an agreement to lease patrol and other vehicles at various terms. The Town recognized a lease liability and an intangible right to use asset in the government-wide financial statements. The aggregate values of the right to use assets and the related accumulated amortization are disclosed in Note 7.

The future principal and interest payments for leases as of June 30, 2023, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 34,833	\$ 4,784
2025	36,271	3,346
2026	37,246	2,371
2027	38,248	1,369
2028	<u>12,626</u>	<u>341</u>
	<u>\$ 159,224</u>	<u>\$ 12,211</u>

(12) Pension Plan

Plan Description

The Town participates in the Municipal Police Employees' Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivors benefits to municipal police officers in Louisiana. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11.2233. The plan is not closed to new entrants.

Pension Benefits

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service, not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Contributions:

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2023, hazardous duty compensation retirement rates for employer and employee were 31.25% and 10.00%, respectively.

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

At June 30, 2023, the Town reported a liability of \$206,122 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Town’s proportion was .020165%, which was an decrease of .00066% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized a pension expense of \$166.

At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 1,017	\$ 1,680
Changes of assumptions	7,110	1,533
Change in proportion and differences between the employer's contributions proportionate share of contributions	86,065	3,735
Net differences between projected and actual earnings on pension plan investments	36,798	-
Contributions subsequent to the measurement date	<u>31,318</u>	<u>-</u>
Total	<u>\$ 162,308</u>	<u>\$ 6,948</u>

Deferred outflows of resources of \$31,318 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ended</u>	
2024	\$ 56,437
2025	47,197
2026	1,105
2027	<u>19,303</u>
	<u>\$ 124,042</u>

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial 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. 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, 2022
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	4 years
Investment rate of return	6.75%, net of investment expense
Inflation rate	2.50%
Projected salary increases	4.70% - 12.30%
Mortality rates	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. 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. 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.
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 of July 1, 2014 through June 30, 2019. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

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

TOWN OF WASHINGTON, LOUISIANA

Notes to Basic 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, 2022, are summarized in the following table:

Asset Class	Long-term Expected Rate of Return	
	Target Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	55.5%	3.60%
Fixed income	30.5%	0.85%
Alternative	14.0%	0.95%
	<u>100%</u>	<u>5.40%</u>
Inflation		2.66%
Expected arithmetic nominal return		<u>8.06%</u>

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of 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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	<u>\$ 288,531</u>	<u>\$ 206,122</u>	<u>\$ 137,283</u>

Pension Plan Fiduciary Net Position

Since the measurement date of the net pension liability was June 30, 2022, the net position liability is based upon fiduciary net position for the plan as of that date. Detailed information about the pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial report for fiscal year 2022. The financial plan can be accessed on their website at www.lampers.org.

TOWN OF WASHINGTON, LOUISIANA

Notes to the Basic Financial Statements (Continued)

Payables to the Pension Plan

The Town recorded accrued liabilities in the amount of \$5,873 to the pension plan for the year ended June 30, 2023 for the contractually required contribution for the month of June 2023. The amount is included in liabilities under amounts reported as accounts and other payables.

(13) On-Behalf Payments of Salaries

The Town received on-behalf payments from the State of Louisiana in the amount of \$13,647 for police salaries during the year ended June 30, 2023. Such payments are recorded as intergovernmental revenues and public safety expenses in the government-wide and General Fund financial statements.

(14) Departmental Information for the Enterprise Fund

The Town of Washington maintains one enterprise fund with three departments, which provide gas, water, and sewerage services. Departmental information for the year ended June 30, 2023 was as follows:

	Gas Department	Water Department	Sewerage Department	Total Enterprise Fund
Charges for services and other revenues	\$ 304,883	\$ 229,702	\$ 107,657	\$ 642,242
Operating expenses:				
Depreciation	23,464	37,411	35,356	96,231
Other expenses	226,177	171,876	153,516	551,569
Total operating expenses	<u>249,641</u>	<u>209,287</u>	<u>188,872</u>	<u>647,800</u>
Operating income (loss)	<u>\$ 55,242</u>	<u>\$ 20,415</u>	<u>\$ (81,215)</u>	<u>\$ (5,558)</u>

(15) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

(16) Litigation and Claims

At June 30, 2023, the Town was not involved in any lawsuits that would have material adverse effect on the Town's financial position.

TOWN OF WASHINGTON, LOUISIANA

Notes to the Basic Financial Statements (Continued)

(17) Interfund Transactions

Interfund transfers consisted of the following at June 30, 2023:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 189,000	\$ -
Sales Tax Fund	-	149,000
Proprietary Fund Utility Fund	<u>25,000</u>	<u>65,000</u>
Total	<u>\$ 214,000</u>	<u>\$ 214,000</u>

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

(18) Compensation of Town Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2023 follows:

Tanya Doucet	\$ 7,200
Wilbert Ledet	3,600
Roger Malveaux	7,200
Beau Wilson	7,200
Erick Fontenot, Mayor Pro-tem	4,800
Mary Lavergne	3,600
Mona Wilson	<u>4,800</u>
Total	<u>\$ 38,400</u>

(19) Compensation, Benefits, and Other Payments to Agency Head

A detail of compensation, benefits, and other payments to the Mayor Dwight Landreneau, for the year ended June 30, 2023 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 29,500
Payroll taxes	2,328
Registration fees	770
Reimbursements for supplies purchased	<u>1,706</u>
	<u>\$ 34,304</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

TOWN OF WASHINGTON, LOUISIANA

General Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 81,000	\$ 83,810	\$ 82,826	\$ (984)
Licenses and permits	50,000	76,000	77,240	1,240
Intergovernmental revenues	54,700	325,127	330,798	5,671
Fines and forfeits	152,040	189,500	188,417	(1,083)
Miscellaneous	47,240	83,312	86,290	2,978
Total revenues	<u>384,980</u>	<u>757,749</u>	<u>765,571</u>	<u>7,822</u>
Expenditures:				
Current -				
General government	254,877	271,317	252,961	18,356
Public safety	227,923	286,920	292,623	(5,703)
Public works	102,275	220,554	240,047	(19,493)
Culture and recreation	24,790	98,787	102,882	(4,095)
Economic development	-	2,406	2,551	(145)
Capital outlay	-	234,334	234,071	263
Total expenditures	<u>609,865</u>	<u>1,114,318</u>	<u>1,125,135</u>	<u>(10,817)</u>
Deficiency of revenues over expenditures	<u>(224,885)</u>	<u>(356,569)</u>	<u>(359,564)</u>	<u>(2,995)</u>
Other financing sources (uses):				
Inception of lease	-	159,224	159,224	-
Proceeds from sale of capital assets	-	15,000	16,145	1,145
Transfers in	221,000	190,000	189,000	(1,000)
Total other financing sources (uses)	<u>221,000</u>	<u>364,224</u>	<u>364,369</u>	<u>145</u>
Net change in fund balance	(3,885)	7,655	4,805	(2,850)
Fund balance, beginning	<u>4,579</u>	<u>55,920</u>	<u>55,920</u>	<u>-</u>
Fund balance, ending	<u>\$ 694</u>	<u>\$ 63,575</u>	<u>\$ 60,725</u>	<u>\$ (2,850)</u>

The accompanying notes are integral part of this schedule

TOWN OF WASHINGTON, LOUISIANA

Sales Tax Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes - sales taxes	\$ 156,000	\$ 149,287	\$ 149,036	\$ (251)
Miscellaneous - interest	8	5	7	2
Total revenues	156,008	149,292	149,043	(249)
Expenditures:				
Current -				
General government	-	1,187	1,187	-
Excess of revenues over expenditures	156,008	148,105	147,856	(249)
Other financing uses:				
Transfers out	(156,000)	(150,000)	(149,000)	1,000
Net change in fund balance	8	(1,895)	(1,144)	751
Fund balance, beginning	40,243	10,868	10,868	-
Fund balance, ending	\$ 40,251	\$ 8,973	\$ 9,724	\$ 751

The accompanying notes are integral part of this schedule.

TOWN OF WASHINGTON, LOUISIANA

Cemetery Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 18,600	\$ 24,650	\$ 23,625	\$ (1,025)
Expenditures:				
Current -				
General government	<u>18,344</u>	<u>26,598</u>	<u>26,967</u>	<u>(369)</u>
Net change in fund balance	256	(1,948)	(3,342)	(1,394)
Fund balance, beginning	<u>8,475</u>	<u>10,406</u>	<u>10,406</u>	<u>-</u>
Fund balance, ending	<u>\$ 8,731</u>	<u>\$ 8,458</u>	<u>\$ 7,064</u>	<u>\$ (1,394)</u>

The accompanying notes are integral part of this schedule.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2023

* Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Police Employees' Retirement System					
2023	0.020165%	\$ 206,122	\$ 59,480	346.54%	70.80%
2022	0.020825%	111,009	45,140	245.92%	84.01%
2021	0.005562%	51,406	72,720	70.69%	70.94%
2020	0.003236%	29,388	118,546	24.79%	71.01%
2019	0.048585%	410,741	119,121	344.81%	71.89%
2018	0.030605%	267,195	105,834	252.47%	70.08%
2017	0.181700%	170,304	50,898	334.60%	66.04%
2016	0.026779%	209,785	90,765	231.13%	70.73%
2015	0.033536%	201,352	72,787	276.63%	75.10%

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

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

The accompanying notes are an integral part of this schedule.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2023

Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
Municipal Police Employees' Retirement System					
2023	\$ 31,318	\$ 31,318	\$ -	\$100,217	31.25%
2022	17,695	17,695	-	59,480	29.75%
2021	15,235	15,235	-	45,140	33.75%
2020	23,634	23,634	-	72,720	32.50%
2019	38,231	38,231	-	118,546	32.25%
2018	36,630	36,630	-	119,121	30.75%
2017	33,602	33,602	-	105,834	31.75%
2016	15,015	15,015	-	50,898	29.50%
2015	28,591	28,591	-	90,765	31.50%

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

The accompanying notes are an integral part of this schedule.

TOWN OF WASHINGTON, LOUISIANA

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

(1) Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits it to the Board of Aldermen for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is legally adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.
6. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Board of Aldermen.

(2) Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations for the year ended June 30, 2023:

General Fund	\$ 10,817
Cemetery Fund	369

TOWN OF WASHINGTON, LOUISIANA

Notes to Required Supplementary Information (Continued)
For the Year Ended June 30, 2023

(3) Retirement System

Changes in Benefit Terms – There were no changes in benefit terms for the pension plan

Changes of Assumptions –

*		Investment		Expected	Projected
Year Ended	Discount	Rate of	Inflation	Remaining	Salary
<u>June 30,</u>	<u>Rate</u>	<u>Return</u>	<u>Rate</u>	<u>Service Lives</u>	<u>Increase</u>
Municipal Police Employees' Retirement System					
2023	6.75%	6.75%	2.50%	4 years	4.70% to 12.30%
2022	6.75%	6.75%	2.50%	4 years	4.70% to 12.30%
2021	6.95%	6.95%	2.50%	4 years	4.70% to 12.30%
2020	7.125%	7.125%	2.50%	4 years	4.25% to 9.75%
2019	7.20%	7.20%	2.60%	4 years	4.25% to 9.75%
2018	7.325%	7.325%	2.70%	4 years	4.25% to 9.75%
2017	7.50%	7.50%	2.875%	4 years	4.25% to 9.75%
2016	7.50%	7.50%	2.875%	4 years	4.25% to 9.75%
2015	7.75%	7.75%	3.00%	4 years	4.1% to 10.0%

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

OTHER FINANCIAL INFORMATION

TOWN OF WASHINGTON, LOUISIANA

Statement of Net Position

June 30, 2023

With Comparative Totals for June 30, 2022

	2023			2022 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and interest-bearing deposits	\$ 188,834	\$ 148,855	\$ 337,689	\$ 395,411
Receivables, net	35,925	83,017	118,942	87,601
Due from other governmental units	-	6,500	6,500	12,494
Restricted assets -				
Cash and interest-bearing deposits	-	48,520	48,520	42,210
Capital assets -				
Land	143,767	123,197	266,964	266,964
Capital assets, net	673,570	1,298,999	1,972,569	1,963,249
Right to use lease assets, net	149,880	-	149,880	-
Total assets	<u>1,191,976</u>	<u>1,709,088</u>	<u>2,901,064</u>	<u>2,767,929</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	<u>162,308</u>	<u>-</u>	<u>162,308</u>	<u>172,479</u>
LIABILITIES				
Accounts and other payables	147,246	63,000	210,246	337,098
Accrued interest payable	1,330	-	1,330	-
Customers' deposits	-	48,520	48,520	42,210
Long-term liabilities.				
Due within on year -				
Lease liability	34,833	-	34,833	-
Due after one year -				
Compensated absences payable	8,179	2,793	10,972	11,679
Lease liability	124,391	-	124,391	-
Net pension liability	<u>206,122</u>	<u>-</u>	<u>206,122</u>	<u>111,009</u>
Total liabilities	<u>522,101</u>	<u>114,313</u>	<u>636,414</u>	<u>501,996</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan	<u>6,948</u>	<u>-</u>	<u>6,948</u>	<u>147,870</u>
NET POSITION				
Net investment in capital assets	807,994	1,422,196	2,230,190	2,230,213
Restricted for sales tax dedications	9,724	-	9,724	10,868
Unrestricted	<u>7,517</u>	<u>172,579</u>	<u>180,096</u>	<u>49,461</u>
Total net position	<u>\$ 825,235</u>	<u>\$ 1,594,775</u>	<u>\$ 2,420,010</u>	<u>\$ 2,290,542</u>

TOWN OF WASHINGTON, LOUISIANA

General Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023
 With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes -					
Ad valorem	\$ 29,000	\$ 30,810	\$ 30,143	\$ (667)	\$ 30,973
Franchise	52,000	53,000	52,683	(317)	50,967
Licenses and permits -					
Licenses	40,000	66,000	65,279	2,279	54,352
Permits	10,000	10,000	8,961	(1,039)	3,506
Intergovernmental revenues -					
State of Louisiana:					
Beer taxes	2,000	1,864	1,864	-	1,486
Supplemental pay	12,000	10,967	13,647	2,680	10,250
Other state grants	9,000	117,428	117,611	183	6,068
Racino taxes	22,000	22,500	25,308	2,808	28,646
St. Landry Tourist Commission	6,000	-	-	-	-
PILOT payment	3,700	3,070	3,070	-	3,797
Federal grants	-	169,298	169,298	-	173,737
Fines and forfeits	152,040	189,500	188,417	(1,083)	153,290
Miscellaneous -					
Rent income	35,700	27,845	29,305	1,460	30,742
Interest income	-	88	119	31	16
Donations	11,000	23,550	20,804	(2,746)	15,156
Other revenues	540	31,829	36,062	4,233	144,898
Total revenues	<u>384,980</u>	<u>757,749</u>	<u>765,571</u>	<u>7,822</u>	<u>707,914</u>
Expenditures:					
Current -					
General government	254,877	271,317	252,961	18,356	270,441
Public safety	227,923	286,920	292,623	(5,703)	256,200
Public works	102,275	220,554	240,047	(19,493)	139,689
Culture and recreation	24,790	98,787	102,882	(4,095)	67,908
Economic development	-	2,406	2,551	(145)	-
Capital outlay	-	234,334	234,071	263	13,089
Total expenditures	<u>609,865</u>	<u>1,114,318</u>	<u>1,125,135</u>	<u>(10,817)</u>	<u>747,327</u>
Deficiency of revenues over expenditures	<u>(224,885)</u>	<u>(356,569)</u>	<u>(359,564)</u>	<u>(2,995)</u>	<u>(39,413)</u>
Other financing sources (uses)					
Inception of lease	-	159,224	159,224	-	-
Proceeds from sale of capital assets	-	15,000	16,145	1,145	-
Transfers in	221,000	190,000	189,000	(1,000)	221,256
Transfers out	-	-	-	-	(15,210)
Total other financing sources (uses)	<u>221,000</u>	<u>364,224</u>	<u>364,369</u>	<u>145</u>	<u>206,046</u>
Net change in fund balance	<u>(3,885)</u>	<u>7,655</u>	<u>4,805</u>	<u>(2,850)</u>	<u>166,633</u>
Fund balance (deficit), beginning	<u>4,579</u>	<u>55,920</u>	<u>55,920</u>	<u>-</u>	<u>(110,713)</u>
Fund balance, ending	<u>\$ 694</u>	<u>\$ 63,575</u>	<u>\$ 60,725</u>	<u>\$ (2,850)</u>	<u>\$ 55,920</u>

TOWN OF WASHINGTON, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures
 For the Year Ended June 30, 2023

With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Current -					
General government:					
Salaries	\$ 148,440	\$ 172,615	\$ 173,816	\$ (1,201)	\$ 146,989
Payroll taxes	11,380	13,132	13,437	(305)	11,885
Insurance	24,552	13,282	12,221	1,061	19,785
Legal and professional	42,000	29,805	16,587	13,218	40,753
Office expense and supplies	11,115	17,188	13,709	3,479	28,695
Advertising and promotion	1,000	934	728	206	-
Repairs and maintenance	7,300	9,435	9,812	(377)	10,781
Dues	310	450	450	-	-
Utilities and telephone	4,800	6,279	5,952	327	4,920
Miscellaneous	3,980	8,197	6,249	1,948	6,633
Total general government	<u>254,877</u>	<u>271,317</u>	<u>252,961</u>	<u>18,356</u>	<u>270,441</u>
Public safety:					
Police department -					
Salaries	130,340	150,135	150,553	(418)	153,076
Payroll taxes	7,105	8,530	8,824	(294)	10,547
Pension	26,000	33,950	33,329	621	18,604
Insurance	19,068	18,480	18,312	168	16,625
Auto expense	13,200	17,670	19,694	(2,024)	21,231
Supplies	-	880	915	(35)	2,117
Telephone and utilities	5,280	7,927	7,929	(2)	6,280
Office expense and supplies	2,540	8,029	10,011	(1,982)	1,217
Conventions and seminars	-	1,520	1,518	2	858
Ticket fine fees	24,000	32,200	30,296	1,904	21,844
Repairs and maintenance	-	-	-	-	459
Uniforms	240	4,829	5,740	(911)	270
Miscellaneous	150	2,770	5,502	(2,732)	3,072
Total public safety	<u>227,923</u>	<u>286,920</u>	<u>292,623</u>	<u>(5,703)</u>	<u>256,200</u>

(continued)

TOWN OF WASHINGTON, LOUISIANA

General Fund
 Budgetary Comparison Schedule - Expenditures (Continued)
 For the Year Ended June 30, 2023
 With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Public works:					
Salaries	31,010	42,585	42,599	(14)	44,264
Payroll taxes	2,370	3,065	3,065	-	3,571
Insurance	18,435	7,555	7,538	17	16,180
Fuel	1,400	1,885	2,674	(789)	2,113
Materials and supplies	5,200	20,848	27,593	(6,745)	11,335
Vehicle expense	4,380	3,500	3,335	165	-
Repairs and maintenance	8,320	94,031	106,189	(12,158)	25,272
Telephone and utilities	31,100	46,130	46,241	(111)	36,238
Uniforms	-	710	351	359	66
Miscellaneous	60	245	462	(217)	650
Total public works	<u>102,275</u>	<u>220,554</u>	<u>240,047</u>	<u>(19,493)</u>	<u>139,689</u>
Culture and recreation:					
Salaries	6,000	6,720	6,671	49	2,605
Payroll taxes	500	655	640	15	220
Insurance	-	8,825	8,578	247	-
Supplies	600	5,255	7,305	(2,050)	1,043
Repairs and maintenance	4,900	51,243	56,978	(5,735)	29,455
Telephone and utilities	12,790	26,089	22,710	3,379	13,682
Miscellaneous	-	-	-	-	20,903
Total culture and recreation	<u>24,790</u>	<u>98,787</u>	<u>102,882</u>	<u>(4,095)</u>	<u>67,908</u>
Economic development:					
Office expense	-	2,346	2,326	20	-
Repairs and maintenance	-	60	225	(165)	-
Total economic development	<u>-</u>	<u>2,406</u>	<u>2,551</u>	<u>(145)</u>	<u>-</u>
Capital outlay	<u>-</u>	<u>234,334</u>	<u>234,071</u>	<u>263</u>	<u>13,089</u>
Total expenditures	<u>\$ 609,865</u>	<u>\$1,114,318</u>	<u>\$1,125,135</u>	<u>\$ (10,817)</u>	<u>\$ 747,327</u>

TOWN OF WASHINGTON, LOUISIANA

Sales Tax Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023
 With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes - sales taxes	\$ 156,000	\$ 149,287	\$ 149,036	\$ (251)	\$ 155,605
Miscellaneous - interest	8	5	7	2	6
Total revenues	156,008	149,292	149,043	(249)	155,611
Expenditures:					
Current -					
General government:					
Collection expense	-	1,187	1,187	-	1,168
Excess of revenues over expenditures	156,008	148,105	147,856	(249)	154,443
Other financing uses:					
Transfers out	(156,000)	(150,000)	(149,000)	1,000	(183,810)
Net change in fund balance	8	(1,895)	(1,144)	751	(29,367)
Fund balance, beginning	40,243	10,868	10,868	-	40,235
Fund balance, ending	\$ 40,251	\$ 8,973	\$ 9,724	\$ 751	\$ 10,868

TOWN OF WASHINGTON, LOUISIANA

Cemetery Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023
 With Comparative Actual Amounts for the Year Ended June 30, 2022

	2023			Variance with Final Budget Positive (Negative)	2022 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Charges for services	\$ 18,600	\$ 24,650	\$ 23,625	\$ (1,025)	\$ 15,750
Expenditures:					
Current -					
General government:					
Dues	344	574	574	-	344
Legal and professional	-	-	625	(625)	-
Supplies	-	-	168	(168)	-
Grass and tree cutting	18,000	25,500	25,500	-	22,640
Miscellaneous expense	-	524	100	424	99
Total general government	18,344	26,598	26,967	(369)	23,083
Net change in fund balance	256	(1,948)	(3,342)	(1,394)	(7,333)
Fund balance, beginning	8,475	10,406	10,406	-	17,739
Fund balance, ending	\$ 8,731	\$ 8,458	\$ 7,064	\$ (1,394)	\$ 10,406

TOWN OF WASHINGTON, LOUISIANA

Comparative Statement of Net Position
Enterprise Fund - Utility Fund
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets:		
Cash	\$ 148,855	\$ 162,093
Receivables -		
Accounts	51,920	34,782
Unbilled utility receivables	31,097	19,939
Due from other governmental units	<u>6,500</u>	<u>12,494</u>
Total current assets	<u>238,372</u>	<u>229,308</u>
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	48,520	42,210
Capital assets -		
Land	123,197	123,197
Capital assets, net	<u>1,298,999</u>	<u>1,319,645</u>
Total noncurrent assets	<u>1,470,716</u>	<u>1,485,052</u>
Total assets	<u>1,709,088</u>	<u>1,714,360</u>
LIABILITIES		
Current liabilities:		
Accounts payable	59,189	146,243
Accrued liabilities	3,811	1,851
Compensated absences payable	2,793	2,863
Payable from restricted assets -		
Customers' deposits	<u>48,520</u>	<u>42,210</u>
Total current liabilities	<u>114,313</u>	<u>193,167</u>
NET POSITION		
Net investment in capital assets	1,422,196	1,442,842
Unrestricted	<u>172,579</u>	<u>78,351</u>
Total net position	<u>\$1,594,775</u>	<u>\$1,521,193</u>

TOWN OF WASHINGTON, LOUISIANA

Enterprise Fund - Utility Fund
Comparative Departmental Analysis of Revenues and Expenses
For the Years Ended June 30, 2023 and 2022

	Totals		Gas		Water		Sewer	
	2023	2022	2023	2022	2023	2022	2023	2022
Operating revenue:								
Charges for services	\$ 609,919	\$ 494,746	\$ 288,096	\$ 257,742	\$ 214,166	\$ 171,257	\$ 107,657	\$ 65,747
Other	<u>32,323</u>	<u>13,237</u>	<u>16,787</u>	<u>8,510</u>	<u>15,536</u>	<u>4,467</u>	<u>-</u>	<u>260</u>
Total operating revenues	<u>642,242</u>	<u>507,983</u>	<u>304,883</u>	<u>266,252</u>	<u>229,702</u>	<u>175,724</u>	<u>107,657</u>	<u>66,007</u>
Operating expenses								
Salaries and wages	185,323	135,376	61,861	95,706	61,731	19,835	61,731	19,835
Payroll taxes	14,865	10,952	4,965	7,749	4,950	1,602	4,950	1,601
Professional services	27,539	22,734	17,404	14,189	5,505	4,565	4,630	3,980
Conventions and training	2,349	4,347	2,283	3,540	33	807	33	-
Fuel purchased	73,820	93,673	73,820	93,673	-	-	-	-
Office expenses	11,625	11,279	3,451	4,122	4,743	3,594	3,431	3,563
Supplies	37,155	27,024	7,491	7,635	23,608	18,137	6,056	1,252
Utilities	20,820	9,295	2,199	1,384	9,051	1,489	9,570	6,422
Telephone	4,821	10,581	1,607	1,489	1,607	7,603	1,607	1,489
General insurance	30,085	46,822	9,434	15,722	14,889	15,550	5,762	15,550
Repairs and maintenance	107,082	82,251	35,115	11,504	30,906	51,927	41,061	18,820
Depreciation expense	96,231	85,494	23,464	11,983	37,411	37,664	35,356	35,847
Bad debt expense	3,452	16,253	1,204	8,289	2,419	5,689	(171)	2,275
Automobile expenses	10,220	15,129	3,384	4,909	3,418	5,110	3,418	5,110
Survey and analysis	6,184	6,065	-	-	-	-	6,184	6,065
Drug testing	837	-	759	-	39	-	39	-
Uniforms	1,581	295	527	105	527	105	527	85
Rental equipment	-	98	-	98	-	-	-	-
Miscellaneous	1,561	1,301	673	608	-	571	888	122
Contract labor	<u>12,250</u>	<u>12,483</u>	<u>-</u>	<u>183</u>	<u>8,450</u>	<u>8,700</u>	<u>3,800</u>	<u>3,600</u>
Total operating expenses	<u>647,800</u>	<u>591,452</u>	<u>249,641</u>	<u>282,888</u>	<u>209,287</u>	<u>182,948</u>	<u>188,872</u>	<u>125,616</u>
Operating income (loss)	<u>(5,558)</u>	<u>(83,469)</u>	<u>\$ 55,242</u>	<u>\$ (16,636)</u>	<u>\$ 20,415</u>	<u>\$ (7,224)</u>	<u>\$ (81,215)</u>	<u>\$ (59,609)</u>
Non-operating revenues (expenses)								
Interest income	1,990	22						
State grant revenue	98,235	40,111						
Federal grant revenue	14,782	221,730						
Miscellaneous revenue	5,480	-						
Miscellaneous expense	<u>(1,347)</u>	<u>-</u>						
Total non-operating revenues (expenses)	<u>119,140</u>	<u>261,863</u>						
Income before transfers	<u>113,582</u>	<u>178,394</u>						
Transfers in (out)								
Transfers in	25,000	72,668						
Transfers out	<u>(65,000)</u>	<u>(110,000)</u>						
Total transfers in (out)	<u>(40,000)</u>	<u>(37,332)</u>						
Change in net position	73,582	141,062						
Net position, beginning	<u>1,521,193</u>	<u>1,380,131</u>						
Net position, ending	<u>\$ 1,594,775</u>	<u>\$ 1,521,193</u>						

TOWN OF WASHINGTON, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2023

	First Six Month Period Ended <u>12/31/2022</u>	Second Six Month Period Ended <u>6/30/2023</u>
Cash Basis Presentation		
Beginning balance of amounts collected	\$ 914	\$ 3,079
Add: Collections		
Criminal fines - other	149,793	16,248
Subtotal Collections	<u>149,793</u>	<u>16,248</u>
Less Disbursements to Governments & Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other	2,080	530
Louisiana Commission on Law Enforcement POST Law Enforcement Training and Assistance Fund, Criminal Fines - Other	1,836	2,094
Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other	377	99
Treasurer, State of Louisiana Judicial College, Criminal Fines - Other	762	197
Acadiana Criminalistics Laboratory, Criminal Fines - Other	18,077	5,430
St. Landry Crime Stoppers, Criminal Fines - Other	1,508	392
Less Amounts Retained by Collecting Agency		
Amount "self-disbursed" to collecting agency Criminal Fines - Other	<u>122,988</u>	<u>10,377</u>
Subtotal Disbursements/Retainage	<u>147,628</u>	<u>19,119</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 3,079</u>	<u>\$ 208</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF WASHINGTON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
June 30, 2023

Description of coverage	Policy Expiration Date	Coverage Amounts
Worker's compensation: Employer's liability	10/4/2023	Statutory
Surety bonds: Position schedule bond	6/15/2024	150,000
General liability: Occurrence	7/1/2023	1,000,000
Aggregate	7/1/2023	2,000,000
Equipment coverage: Comprehensive \$1,000 deductible	7/1/2023	146,830
Automobile liability: Occurrence \$500 comprehensive deductible \$1,000 collision deductible	7/1/2023	1,000,000
Public official's liability: Occurrence	7/1/2023	1,000,000
Aggregate \$2,500 deductible	7/1/2023	2,000,000
Crisis management	7/1/2023	25,000
Police professional liability: Occurrence	7/1/2023	1,000,000
Aggregate \$10,000 deductible per occurrence	7/1/2023	2,000,000
Employment practices liability: Occurrence	7/1/2023	1,000,000
Aggregate	7/1/2023	2,000,000

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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

The Honorable Dwight Landreneau, Mayor
and Members of the Board of Aldermen
Town of Washington, 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 Washington, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-001, 2023-002, and 2023-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as items 2023-004, 2023-005, and 2023-006.

Town of Washington, Louisiana's Response to Findings

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

Purpose of This Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2023

TOWN OF WASHINGTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2023

Part I. Findings reported in accordance with *Government Auditing Standards*

A. Internal Control Findings

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

CRITERIA: AU-C §315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows: "Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations."

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

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting functions.

2023-002 Controls over Traffic Tickets

Fiscal year finding initially occurred: 2021

CONDITION: Controls over traffic tickets were not adequate:

- There were no written policies and procedures for maintaining, issuing, and accounting for traffic tickets.
- The traffic ticket log was not properly maintained: (1) There was no accounting for the numerical sequence of tickets issued and (2) ticket books were issued to police officers before the previously issued book is accounted for and before all issued citations are received from the police officer.
- There is no accounting of the final disposition of citations issued.
- No quarterly audit of traffic citations is being performed by the Municipal Clerk.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2023 (Continued)

CRITERIA: Written policies and procedures are necessary to provide a clear understanding of what should be done, how it should be done, who should do it, and when it should be done. LRS 32:398.1 *Traffic citations; form; issuance*, states that "The chief administrative officer of each traffic-enforcement agency shall issue these books, maintain a record of each book and each citation contained therein issued to all individual members of the traffic enforcement agency and shall require and retain a receipt for each book issued." LRS 32:398.3 *Audit of citation records*, states that "Each record of traffic citations required in the Part shall be audited quarterly by the appropriate fiscal officer of the governmental agency to which the traffic enforcement agency is responsible.

CAUSE: There were no policies and procedures in place for (1) internal controls over ticket administration and processes, and (2) compliance with Louisiana Revised Statutes applicable to ticket administration.

EFFECT: Fines from ticket revenues may not be properly accounted for and compliance with laws and regulations may be violated.

RECOMMENDATION: Written policies and procedures over maintaining, issuing, and accounting for traffic tickets should be prepared and implemented. Traffic ticket books should be issued in numerical sequence with only one ticket book issued at a time. The Chief should maintain a citation log with all required information to ensure fines are collected; appropriate action is taken for nonpayment; and funds are not misappropriated. A quarterly reconciliation of traffic citations should be performed by the Municipal Clerk.

MANAGEMENT'S CORRECTION ACTION PLAN: Written policies and procedures will be prepared and controls over those procedures will be monitored. Accounting for tickets was implemented in April of 2023.

2023-003 Controls over the Collection of Traffic Tickets

Fiscal year finding initially occurred: 2023

CONDITION: In December of 2022 the Town discovered a misappropriation of traffic citations committed by the traffic clerk relating to the calendar year 2020. Town officials have estimated that approximately \$20,000 of citation collections are unaccounted for. The traffic clerk, who is no longer employed with the Town, has been charged with misdemeanor and felony charges. All appropriate law enforcement agencies have been notified. The investigation is still in progress.

CRITERIA: Internal controls over the collection of traffic citations are necessary to ensure collections are properly recorded and deposited.

CAUSE: The Town did not have adequate controls in place over the collection of traffic citations.

EFFECT: Failure to properly implement controls over collections increases the risk that errors and/or irregularities, including fraud and/or defalcations, may occur and not be prevented and/or detected.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2023 (Continued)

RECOMMENDATION: Management should implement internal controls over the collection of traffic citations. Controls should include preparation of a traffic log, accounting for the final disposition of traffic citations, and performing a quarterly audit of citations.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town has implemented the proper controls.

B. Compliance Findings

2023-004 Publication of Minutes

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not publish the written minutes in the official journal for five of the twelve months.

CRITERIA: LRS 43:143 *Newspaper selected to be known as official journal; duties*, states that "The newspaper selected shall be known as the official journal of the parish, town, city, or school board, and it shall publish all minutes, ordinances, resolutions, budgets and other official proceedings of the police jury, town or city councils, or the school board".

CAUSE: The Town failed to follow the requirements of LRS 43:143.

EFFECT: Members of the public were not informed of details of the Town's previous meetings in the official journal.

RECOMMENDATION: The Town should publish all written meetings in the official journal.

MANAGEMENT'S CORRECTION ACTION PLAN: Efforts will be made to publish all of the Town's minutes in the official journal.

2023-005 Ticket Fine Fees Payable

Fiscal year finding initially occurred: 2010

CONDITION: The Town failed to remit past due fees included in fine collections in accordance with various state statutes.

CRITERIA: State statutes require various fees to be collected in fine revenues, then subsequently remitted to the appropriate organization. The organizations and related revised statutes are as follows:

TOWN OF WASHINGTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2023 (Continued)

<u>Organization</u>	<u>Louisiana Revised Statute</u>
Acadiana Criminalistics Laboratory	R.S. 40:2266.1
St. Landry Crime Stoppers	La. Code of Criminal Procedure Article 895.4
Louisiana Commission on Law Enforcement	R.S. 46:1816 (E)(1)
State of Louisiana Supreme Court - CMIS	R.S. 13:4688 and Rule G, Section 13, (a)

CAUSE: Previous Town administration used the funds for operating expenses, rather than remit them to the appropriate organizations.

EFFECT: The Town is in violation of the various state statutes, identified above, which require the collection of and remittance of fine fees to appropriate organizations.

RECOMMENDATION: The Town should submit the required fees to the appropriate organization in a timely manner.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will make efforts to remit all past due fees.

2023-006 Controls over Traffic Tickets

See internal control finding 2023-002.

C. Management Letter

A management letter was issued relating to the significant water loss in the Water Utility Department and operating loss in the Sewer Utility Department.

Part II. Prior Year Findings

A. Internal Control Findings -

2022-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

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

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recordkeeping; and (4) reconciliation.

CURRENT STATUS: Unresolved. See finding 2023-001.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2023 (Continued)

2022-002 Controls over Traffic Tickets

Fiscal year finding initially occurred: 2021

CONDITION: Controls over traffic tickets were not adequate:

- There were no written policies and procedures for maintaining, issuing, and accounting for traffic tickets.
- The traffic ticket log was not properly maintained: (1) There was no accounting for the numerical sequence of tickets issued and (2) ticket books were issued to police officers before the previously issued book is accounted for and before all issued citations are received from the police officer.
- There is no accounting of the final disposition of citations issued.
- No quarterly audit of traffic citations is being performed by the Municipal Clerk.

RECOMMENDATION: Written policies and procedures over maintaining, issuing, and accounting for traffic tickets should be prepared and implemented. Traffic ticket books should be issued in numerical sequence with only one ticket book issued at a time. The Chief should maintain a citation log with all required information to ensure fines are collected; appropriate action is taken for nonpayment; and funds are not misappropriated. A quarterly reconciliation of traffic citations should be performed by the Municipal Clerk.

CURRENT STATUS: Partially resolved. See finding 2023-002.

B. Compliance Findings -

2022-003 Budget Adoption

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not adopt the 2022 proposed budget before the end of the prior fiscal year.

RECOMMENDATION: The Town should adopt the proposed budgets before the end of the prior fiscal year.

CURRENT STATUS: Resolved.

2022-004 Publication of Minutes

Fiscal year finding initially occurred: 2021

CONDITION: The Town did not publish the written minutes in the official journal.

TOWN OF WASHINGTON, LOUISIANA

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended June 30, 2023 (Continued)

RECOMMENDATION: The Town should publish all written meetings in the official journal.

CURRENT STATUS: Unresolved. See finding 2023-003.

2022-005 Budget Violation

Fiscal year finding initially occurred: 2019

CONDITION: In the Town's adopted 2022 budget for the General Fund, total proposed expenditures exceeded total estimated funds available.

RECOMMENDATION: The Town should reduce spending to ensure that estimated expenditures do not exceed estimated funds available.

CURRENT STATUS: Resolved.

2022-006 Ticket Fine Fees Payable

Fiscal year finding initially occurred: 2010

CONDITION: The Town failed to remit past due fees included in fine collections in accordance with various state statutes.

RECOMMENDATION: The Town should submit the required fees to the appropriate organization in a timely manner.

CURRENT STATUS: Unresolved. See finding 2023-004.

2022-007 Controls over Traffic Tickets

See compliance finding 2023-002.

C. Management Letter

A management letter was issued relating to the significant gas and water losses in the Gas and Water Utility Departments and operating losses in the Gas, Water, and Sewer Utility Departments.

CURRENT STATUS: Modified.

KOLDER, SLAVEN & COMPANY, LLC

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Stephen J. Anderson, CPA*
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C. Burton Kolder, CPA*
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MANAGEMENT LETTER

The Honorable Dwight Landreneau, Mayor
and Members of the Board of Aldermen
Town of Washington, Louisiana

We have completed our audit of the basic financial statements of the Town of Washington, Louisiana, for the year ended June 30, 2023, and submit the following recommendation for your consideration:

(1) The Utility Enterprise Fund sewer department experienced an operating loss in the amount of \$81,215 during the current year. The Town should evaluate operations to determine methods to increase revenues and/or reduce expenses in order to operate at a surplus in the sewer department.

(2) Additionally, in the water department, the Town should investigate possible reasons for significant water losses and continue efforts to repair leaks and replace malfunctioning meters.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2023

TOWN OF WASHINGTON, LOUISIANA

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

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Of Counsel

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

WWW.KSRCPAS.COM

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

To the Members of the Board of Aldermen
of the Town of Washington, 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, 2022 through June 30, 2023. The Town of Washington's management is responsible for those C/C areas identified in the SAUPs.

The Town of Washington 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, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

2) Board or Finance Committee

- A. Obtain and inspect the board finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board finance committee received written updates of the progress of resolving audit findings(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

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

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash checks money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites). obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not 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 agency fund additions, is (are) not responsible for collecting cash, unless another employee official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.

- iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

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

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

- 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.
- 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 testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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.

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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

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

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

11) Debt Service

- A. Obtain a listing of bonds notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- 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.
- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures:
- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.
 - ii. 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.
 - 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements,
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures

1. The Town's written policies and procedures did not contain policies for budgeting, receipts/collections, payroll personnel, contracting, debt service, and information technology disaster recovery/business continuity.

Management's response:

The Town will prepare and adopt policies and procedures for budgeting, receipts/collections, payroll personnel, contracting, debt service, and information technology disaster recovery/business continuity.

2. The Town's policies and procedures were not adequate in the following areas: credit card policy did not include required approvers of statements, ethics policy was not adequate, and sexual harassment policy did not contain R.S. 42.342-344, requirements for agency responsibilities and prohibitions, annual employee training, or annual reporting

Management's response:

The Town will update written policies and procedures to include all areas necessary for credit cards, ethics, and sexual harassment.

Board or Finance Committee

3. Six of the monthly minutes did not reference or include monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Management's response:

The Town will reference include the required budget-to-actual comparisons at all monthly meetings.

4. The board finance committee did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Management's response:

The Town will give the board finance committee written updates of the progress of resolving audit findings according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Non-payroll Disbursements

5. At least two employees are not involved in initiating a purchase request, approving a purchase, and placing an order making the purchase. The employees responsible for processing payments can add or modify vendor files.

Management's response:

The Town has determined that it is not cost effective to achieve complete segregation of duties within the accounting functions.

Travel and Travel-Related Expense Reimbursements

6. Two of the reimbursements selected were not reviewed and approved in writing by someone other than the person receiving the reimbursement.

Management's response:

All reimbursements will be approved in writing by someone other than the person receiving the reimbursement.

Sexual Harassment

7. The Town's sexual harassment policy and complaint procedure was not posted on the Town's website

Management's response:

The Town will post the sexual harassment policy and complaint procedure on the Town's website.

Management's Response

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

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

We are required to be independent of the Town of Washington and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 7, 2023