

TOWN OF CULLEN, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

**TOWN OF CULLEN
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING JUNE 30, 2022**

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TOWN OF CULLEN
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022

The management of the Town of Cullen, Louisiana offers readers of the Town of Cullen, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2022. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes,

TOWN OF CULLEN
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022

licenses, permits, fines, and intergovernmental revenues, for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees, such as the Water and Sewer Departments.

Government-wide Financial Analysis

As noted earlier, net position may, overtime, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$3,270,779 (net position); this represents a decrease of \$377,005 from the last fiscal year. Of this total net asset amount, \$45,524 is unrestricted net position. The Town's net position is comprised of \$1,144,726 from governmental activities and \$2,126,053 from business-type activities.

The following is a condensed statement of the Town of Cullen's net position as of June 30, 2022:

	Governmental-Type Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current & Other Assets	\$ 672,684	\$ 506,445	\$ 106,136	\$ 366,967	\$ 778,820	\$ 873,412
Capital Assets (net)	522,533	569,849	2,106,292	2,310,003	2,628,825	2,879,852
Total Assets	<u>\$ 1,195,217</u>	<u>\$ 1,076,294</u>	<u>\$ 2,212,428</u>	<u>\$ 2,676,970</u>	<u>\$ 3,407,645</u>	<u>\$ 3,753,264</u>
Liabilities						
Other Liabilities	\$ 48,688	\$ 52,060	\$ 30,615	\$ 44,569	\$ 79,303	\$ 96,629
Long-Term Liability	1,803	461	55,760	8,390	57,563	8,851
Total Liabilities	<u>\$ 50,491</u>	<u>\$ 52,521</u>	<u>\$ 86,375</u>	<u>\$ 52,959</u>	<u>\$ 136,866</u>	<u>\$ 105,480</u>
Deferred Inflows of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Position						
Invested In Capital Assets, Net	\$ 522,533	\$ 569,849	\$ 2,106,292	\$ 2,310,003	\$ 2,628,825	\$ 2,879,852
Restricted	548,998	210,473	47,432	39,722	596,430	250,195
Unrestricted	73,195	243,451	(27,671)	274,286	45,524	517,737
Total Net Position	<u>\$ 1,144,726</u>	<u>\$ 1,023,773</u>	<u>\$ 2,126,053</u>	<u>\$ 2,624,011</u>	<u>\$ 3,270,779</u>	<u>\$ 3,647,784</u>

By far the largest portion of the Town's net position, \$2,628,825 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The Town has accumulated \$47,432 restricted for customer deposits.

The balance of \$45,524 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

TOWN OF CULLEN
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022
Continued

Total liabilities of \$136,866 are equal to 4% of the total net position.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue						
Program Revenue	\$ 317,965	\$ 91,991	\$ 225,754	\$ 254,116	\$ 543,719	\$ 346,107
General Revenue & Transfers	255,007	332,627	(26,185)	(84,508)	228,822	248,119
Total Revenue	<u>\$ 572,972</u>	<u>\$ 424,618</u>	<u>\$ 199,569</u>	<u>\$ 169,608</u>	<u>\$ 772,541</u>	<u>\$ 594,226</u>
Expenses						
General & Administrative	\$ 200,090	\$ 163,133			\$ 200,090	\$ 163,133
Public Safety	119,756	118,760			119,756	118,760
Highways and Street	301	22,843			301	22,843
Sanitation and Health	72,332	73,649			72,332	73,649
Depreciation	59,540	3,865			59,540	3,865
Water and Sewer			697,527	520,144	697,527	520,144
Total Expenses	<u>\$ 452,019</u>	<u>\$ 382,250</u>	<u>\$ 697,527</u>	<u>\$ 520,144</u>	<u>\$1,149,546</u>	<u>\$ 902,394</u>
Increase (Decrease) in Net Position	120,953	42,368	(497,958)	(350,536)	(377,005)	(308,168)
Net Position, Beginning	\$1,023,773	\$ 981,405	\$2,624,011	\$2,974,544	\$3,647,784	\$3,955,949
Prior Period Adjustment					0	0
Net Position, Ending	<u>\$1,144,726</u>	<u>\$1,023,773</u>	<u>\$2,126,053</u>	<u>\$2,624,008</u>	<u>\$3,270,779</u>	<u>\$3,647,781</u>

Governmental Activities

The governmental activities of the Town include General Government and Public Safety, in that revenues normally associated with municipal operations, (e.g., property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

Business-type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for in enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

TOWN OF CULLEN
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022
Continued

The following is a summary of the business-type activities of the Town:

	Operating Revenue Net of Purchases	Operating Expenses	Net Income (Loss) From Operations
Year ended December 31, 2021	254,116	520,144	\$ (266,028)
Year ended December 31, 2022	225,754	697,527	(471,773)
Increase (Decrease) Between Years	<u>\$ (28,362)</u>	<u>\$ 177,383</u>	<u>\$ (205,745)</u>

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains two individual governmental fund types. The fund type includes the General fund and the Sales tax fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and the Sales tax fund. The General Fund is considered to be a major fund.

The Town adopts an annual budget for the General Fund and the Special Revenue fund. A statement of revenues, expenditures, and changes in fund balance is presented in the Required Supplemental Information Schedules 1 and 2, which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town of Cullen's governmental fund (General Fund) reported an ending fund balance (deficit) of \$623,996, which is an increase of \$171,789 from the prior year. The \$407,496 of the ending fund balance (deficit) of is unreserved.

Fund Financial Statements - Proprietary Funds

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its Water and Sewer Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

TOWN OF CULLEN
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2022
Continued

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show a decrease in ending retained earnings of \$497,958. The 2022 operating income (loss) of the fund of \$(471,773) represents a decrease in revenue of \$28,362 and an increase in expenses of \$177,383 from 2021 figures.

Financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The Town adopted an original budget for the General Fund and the Two Percent Sales Tax fund and an amended budget during the year. For the General Fund actual expenditures and other uses were over budgeted expenditures and other uses by \$87,047. For the Two Percent Sales tax fund actual expenditures and other uses did not exceed budgeted expenditures and other uses.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2022 is \$2,628,825.

Capital assets of \$12,224 were purchased or constructed in fiscal 2022 for government type activities. There were no capital assets purchased or constructed in fiscal 2022 for business type activities.

Current Financial Factors

The Town is trying to get its policies and procedures back in place with the current administration.

Requests for Information

This financial report is designed to provide a general overview of the Town of Cullen's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Clerk, P.O. Box 579, Cullen, Louisiana 71021.

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Cullen
Cullen, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Cullen, Louisiana ("Town"), as of and for the year ended June 30, 2022, 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, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, 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. 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 Town of Cullen, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a

guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to elected officials, the schedule of compensation, benefits and other payments to agency head, and schedule of insurance are presented for the purpose of additional analysis and are not a required part of 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 basis 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the management's discussion and analysis and budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Judy Moncrief CPA LLC
Shreveport, Louisiana
February 21, 2025

TOWN OF CULLEN, LOUISIANA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and Equivalents (Note 3)	\$ 93,892	\$ 16,584	\$ 110,476
Investments (Note 4)	182,018	\$ 350,792	532,810
Receivables (Note 5)	28,759	35,465	64,224
Internal Balances (Note 6)	366,980	(366,980)	-
Prepaid Assets	1,035	7,651	8,686
Inventory		10,332	10,332
Restricted Assets (Note 10)		52,292	52,292
Capital Assets (Net) (Note 7)	522,533	2,106,292	2,628,825
Total Assets	<u>\$ 1,195,217</u>	<u>\$ 2,212,428</u>	<u>\$ 3,407,645</u>
Deferred Outflows of Resources	0	0	0
LIABILITIES			
Accounts, Salaries, and Other Payables	\$ 48,688	\$ 30,615	\$ 79,303
Compensated Absences Payable (Note 8)	1,803	8,328	10,131
Customer Deposits		47,432	47,432
Total Liabilities	<u>50,491</u>	<u>86,375</u>	<u>136,866</u>
Deferred Inflows of Resources	-	-	-
NET POSITION			
Invested in Capital Assets	522,533	2,106,292	2,628,825
Restricted	548,998	47,432	596,430
Unrestricted	73,195	(27,671)	45,524
TOTAL NET POSITION	<u>\$ 1,144,726</u>	<u>\$ 2,126,053</u>	<u>\$ 3,270,779</u>

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

TOWN OF CULLEN, LOUISIANA
STATEMENT OF ACTIVITIES FOR THE YEAR ENDING
JUNE 30, 2022

	Expense	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 200,090	\$ -	\$ 197,131	\$ -	\$ (2,959)		\$ (2,959)
Public Safety	119,756	19,500			(100,256)		(100,256)
Highways and Streets	301				(301)		(301)
Sanitation and Health	72,332	101,334			29,002		29,002
Depreciation (Note 7)	59,540				(59,540)		(59,540)
Total Governmental Activities	452,019	120,834	197,131	-	(134,054)	-	(134,054)
Business-Type Activities:							
Water	394,354	99,232				(295,122)	(295,122)
Sewer	303,173	126,522	-	-		(176,651)	(176,651)
Total Business-Type Activities	697,527	225,754	-	-	-	(471,773)	(471,773)
Total Primary Government	1,149,546	346,588	197,131	-	(134,054)	(471,773)	(605,827)
General Revenues:							
Ad Valorem Taxes					\$ 23,323	\$ -	\$ 23,323
Sales Taxes					120,497		120,497
Licenses and Permits					50,518		50,518
Intergovernmental					-		-
Investment Earnings					(133)	204	71
Other General Revenues					34,413		34,413
Transfers - Net					26,389	(26,389)	-
Total General Revenues and Transfers					255,007	(26,185)	228,822
Change in Net Position					120,953	(497,958)	(377,005)
Net Position - Beginning					1,023,773	2,624,011	3,647,784
Net Position - Ending					1,144,726	2,126,053	3,270,779

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

TOWN OF CULLEN, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

	General Fund	Two Percent Sales Tax Fund	Non-Major One-Half Percent Sales Tax Fund	Non-Major CDBG Fund	Total Governmental Funds
ASSETS					
Cash and Equivalents (Note 3)	\$ 62,855	\$ 18,793	\$ 12,102	\$ 142	\$ 93,892
Investments (Note 4)	12,228	\$ 68,037	\$ 101,753		182,018
Receivables (Net of Allowance) (Note 5)	18,534	5,843	4,382		28,759
Due From Other Funds (Note 6)	366,979		97,289		464,268
Prepaid Assets	1,035				1,035
TOTAL ASSETS	\$ 461,631	\$ 92,673	\$ 215,526	\$ 142	\$ 769,972
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts, Salaries, and Other Payables	\$ 48,545	\$ 82	61	\$ -	\$ 48,688
Due to Other Funds (Note 6)	6,052	91,236			97,288
Total Liabilities	54,597	91,318	61	-	145,976
Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	1,035				1,035
Restricted			215,465		215,465
Unassigned	405,999	1,355		142	407,496
Total Fund Balances	407,034	1,355	215,465	142	623,996
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 461,631	\$ 92,673	\$ 215,526	\$ 142	\$ 769,972

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

TOWN OF CULLEN, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Fund Balances - Total Governmental Funds (Statement C)	\$ 623,996
Liabilities Including Bonds Payable are Not Due and Payable in the Current Period and Therefore, are Not Reported in the Government Funds:	
Compensated Absences	(1,803)
Receivables Which are Not Available to Pay for Current Period Expenditures and Therefore, are Unavailable in the Funds	-
Capital Assets Used in Governmental Activities are Not Financial Resources and, Therefore, are Not Reported in The Governmental Funds:	
Governmental Capital Assets	\$ 1,523,129
Less Accumulated Depreciation	(1,000,596)
	<u>522,533</u>
Net Position of Governmental Activities (Statement A)	<u><u>\$ 1,144,726</u></u>

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

TOWN OF CULLEN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDING JUNE 30, 2022

	General Fund	Two Percent Sales Tax Fund	Non-Major One-Half Percent Sales Tax Fund	Non-Major CDBG Fund	Total Governmental Funds
REVENUES					
Taxes:					
Ad Valorem	\$ 23,323	\$ -			\$ 23,323
Sales and Use		68,507	51,990		120,497
Licenses and Permits	50,518				50,518
Charges for Services	101,334				101,334
Intergovernmental Revenues:					
State and Parish	5,875				5,875
Grants	197,131				197,131
Fines and Forfeitures	21,678				21,678
Use of Money and Interest Earnings	240	(55)	(318)		(133)
Other Revenues	28,538				28,538
Total Revenues	<u>\$ 428,637</u>	<u>\$ 68,452</u>	<u>\$ 51,672</u>	<u>\$ -</u>	<u>\$ 548,761</u>
EXPENDITURES					
General Government	\$ 177,351	\$ 1,272	\$ 729		\$ 179,352
Public Safety	119,756				119,756
Highway and Streets	301				301
Sanitation and Health	72,332				72,332
Uncatergorized Expenditures	19,396				19,396
Capital Outlay	12,224				12,224
Total Expenditures	<u>401,360</u>	<u>1,272</u>	<u>729</u>	<u>-</u>	<u>403,361</u>
Excess (Deficiency)) of Revenues Over (Under) Expenditures:	27,277	67,180	50,943	-	145,400
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	374,895		18,830		393,725
Operating Transfers Out	(175,101)	(127,454)	(64,781)		(367,336)
Total Other Financing Sources (Uses)	<u>199,794</u>	<u>(127,454)</u>	<u>(45,951)</u>	<u>-</u>	<u>26,389</u>
Net Change in Fund Balance	227,071	(60,274)	4,992	-	171,789
Fund Balance - Beginning of Year	179,963	61,629	210,473	142	452,207
Fund Balance - Ending	<u>\$ 407,034</u>	<u>\$ 1,355</u>	<u>\$ 215,465</u>	<u>\$ 142</u>	<u>\$ 623,996</u>

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

TOWN OF CULLEN, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS,
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING JUNE 30, 2022

Amounts Reported for Governmental Activities in the
Statement of Activities are Different Because:

Net Change in Fund Balances - Total Governmental Funds (Statement E)	\$ 171,789
Governmental Funds Report Capital Outlays as Expenditures. However, In the Statement of Activities, the Costs of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by Which Capital Outlay (\$12,224) Less Depreciation (\$59,540) in the Current Period.	(47,316)
Prior Year Receivables Which Were Not Available to Pay for Prior Year Expenditures And Therefore Unavailable in the Funds	(2,178)
Expenses Reported in the Statement of Activities That Do Not Require The Use of Current Financial Resources and Not Reported as Expenditures In Governmental Funds	<u>(1,342)</u>
Change in Net Position of Governmental Activities (Statement B)	<u>\$ 120,953</u>

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

TOWN OF CULLEN, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
ASSETS			
Current Assets:			
Cash and Equivalents (Note 3)	\$ 3,458	\$ 13,126	\$ 16,584
Investments (Note 4)	115,438	235,354	350,792
Receivables (Net of Allowance) (Note 5)	19,477	15,988	35,465
Prepaid Expenses	7,098	553	7,651
Interfunds (Note 6)	62,670	3,832	66,502
Supplies Inventory	10,332		10,332
Total Current Assets	218,473	268,853	487,326
Noncurrent Assets:			
Restricted Assets:			
Cash and Equivalents (Note 10)	25,577		25,577
Investments (Note 4)	26,715		26,715
Net Capital Assets (Net) (Note 7)	937,649	1,168,643	2,106,292
Total Non-Current Assets	989,941	1,168,643	2,158,584
TOTAL ASSETS	\$ 1,208,414	\$ 1,437,496	\$ 2,645,910
LIABILITIES			
Current Liabilities:			
Accounts, Salaries, and Other Payables	\$ 17,955	\$ 12,660	\$ 30,615
Due to Other Funds	206,615	226,867	433,482
Total Current Liabilities	224,570	239,527	464,097
Non-Current Liabilities			
Compensated Absences Payable (Note 8)	4,164	4,164	8,328
Total Non-Current Liabilities	4,164	4,164	8,328
Liabilities Payable from Restricted Assets	47,432		47,432
Total Liabilities	276,166	243,691	519,857
NET POSITION			
Net Investment in Capital Assets, Net of Related Debt	937,649	1,168,643	2,106,292
Restricted For Debt Service	47,432		47,432
Unrestricted	(52,833)	25,162	(27,671)
TOTAL NET POSITION	\$ 932,248	\$ 1,193,805	2,126,053

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

TOWN OF CULLEN, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2022

	Business-Type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Totals
Operating Revenues			
Charges for Services -			
Water	\$ 99,232	\$ -	\$ 99,232
Sewerage		126,522	126,522
Other Income		-	-
Total Operating Revenue	99,232	126,522	225,754
Operating Expenses			
Personnel Services	108,723	92,863	201,586
Materials and Supplies	25,430	2,103	27,533
Insurance Claims and Expenses	17,585	4,806	22,391
Repairs and Maintenance	127,764	31,549	159,313
Other Services and Charges	35,318	45,842	81,160
Bad Debt Expense	408	1,425	1,833
Depreciation (Note 7)	79,126	124,585	203,711
Total Operating Expenses	394,354	303,173	697,527
Operating Income (Loss)	(295,122)	(176,651)	(471,773)
Nonoperating Revenues (Expenses)			
Interest Earnings	291	(87)	204
Other Income		-	-
Total Nonoperating Revenues (Expenses)	291	(87)	204
Income Before Contributions and Transfers	(294,831)	(176,738)	(471,569)
Transfers In	156,871	6,120	162,991
Transfers Out	(84,587)	(104,793)	(189,380)
Change in Net Position	(222,547)	(275,411)	(497,958)
Total Net Position - Beginning	1,154,795	1,469,216	2,624,011
Total Net Position - Ending	932,248	1,193,805	2,126,053

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

TOWN OF CULLEN, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2022

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	
	Fund	Fund	Totals
Cash Flows from Operating Activities			
Receipts from Customers and Users	\$ 97,575	\$ 126,316	\$ 223,891
Payments to Suppliers	(187,931)	(74,827)	(262,758)
Payments to Employees	(108,754)	(92,894)	(201,648)
	<u>(199,110)</u>	<u>(41,405)</u>	<u>(240,515)</u>
Cash Flows from Noncapital Financing Activities			
Transfer from(to) Other Funds	164,600	(6,519)	158,081
Net Cash Provided (Used) by Noncapital Fin	<u>164,600</u>	<u>(6,519)</u>	<u>158,081</u>
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	-	-	-
State and Local Grants	-	-	-
Net Cash Provided (Used) by Capital and Re	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Investments Redeemed (Reinvested)	(84,159)	(191,298)	(275,457)
Interest and Dividends Received	291	(87)	204
Net Cash Provided by Investing Activities	<u>(83,868)</u>	<u>(191,385)</u>	<u>(275,253)</u>
Net Increase (Decrease) in Cash and Equivalents	(118,378)	(239,309)	(357,687)
Cash and Equivalents - Beginning of Year	147,413	252,435	399,848
Cash and Equivalents - Ending of Year	<u>\$ 29,035</u>	<u>\$ 13,126</u>	<u>\$ 42,161</u>

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

TOWN OF CULLEN, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING JUNE 30, 2022
(CONTINUED)

	Business Type Activities		
	Enterprise Funds		
	Water	Sewer	Totals
	Fund	Fund	
Reconciliation of Operating Income to Net Cash Provided (Used)			
by Operating Activities			
Operating Income	\$ (295,122)	\$ (176,738)	\$ (471,860)
Depreciation	79,126	124,535	203,661
(Increase) Decrease in Accounts Receivable	(1,249)	1,219	(30)
(Increase) Decrease in Other Assets	(5,898)	372	(5,526)
(Increase) Decrease in Due from Other Funds	-	-	-
Increase (Decrease) in Customer Deposits	7,710		7,710
Increase (Decrease) in Accounts Payable	16,292	9,176	25,468
Increase (Decrease) in Accrued Liabilities	31	31	62
Net Cash Provided by Operating Activities	\$ (199,110)	\$ (41,405)	\$ (240,515)
Reconciliation of Total Cash and Cash Investments:			
Current Assets - Cash and Cash Investments	\$ 3,458	\$ 13,126	16,584
Restricted Assets - Cash and Cash Investments	25,577		25,577
Total Cash and Cash Investments	<u>\$ 29,035</u>	<u>\$ 13,126</u>	<u>\$ 42,161</u>

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

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

INTRODUCTION

The Town was incorporated June 16, 1955, under the provisions of Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: general administrative services, public safety (police), highways and streets, sanitation, health and social services, culture-recreation, public improvements, and planning and zoning. The Board of Aldermen is made up of five members who are elected by the citizens of Cullen to serve four-year terms. They are compensated for their services.

The accounting and reporting policies of the Town of Cullen conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of the *Louisiana Municipal Audit and Accounting Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Cullen (Town)'s financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Government-Wide and Fund Financial Statements

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

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The Town reports the following major governmental funds:

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

These notes are an integral part of these financial statements.

**TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Two Percent Sales Tax Fund accounts for the receipt and use of the municipality's two (2%) sales and use tax levied by the Town of Cullen to be used for any lawful purpose for the Town.

The Town reports the following major proprietary funds:

The Water Fund accounts for the receipts and use of the municipality's water system.

The Sewer Fund accounts for the receipts and use of the municipality's sewer system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

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

Deposits and Investments

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

These notes are an integral part of these financial statements.

**TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Receivables and Payables

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

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 sales and use taxes, franchise taxes, police fines, and grants.

Business-type activities report utilities as their major receivable. The Town considers substantially all customers' utility receivables and other receivables to be fully collectible; accordingly, an allowance for doubtful accounts is not required. If amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, grants and other intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned and only if paid within 30 days since they would be considered both measurable and available.

Property taxes are levied on a calendar year basis and become due on January 1 of each year.

Ad Valorem Taxes

For the year ended June 30, 2022, taxes of 8.99 mills were levied on property with assessed valuations totaling 2,181,420 and were dedicated as follows: General Corporate Purposes 9.84 mills.

Ad valorem taxes attach as an enforceable lien on the valuation of property as of January 1 each year. The Town bills and collects its property taxes using the assessed value determined by the tax assessor of Webster Parish. Total taxes levied were \$23,323.

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

Taxpayer	Type of Business	% of Total		Ad Valorem Tax Revenue
		Assessed Valuation	Assessed Valuation	
Entergy Louisiana LLC	Utility Company	140,510	6.44%	\$ 1,263
Centerpoint Energy Arkla	Utility Company	111,220	5.10%	1,000
		<u>251,730</u>		<u>\$ 2,263</u>

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Sales Taxes

The voters of the Town approved 1% sales and use tax on January 20, 1970. The proposition approved by the voters specified that the revenue may be used for any lawful corporate purposes. On November 21, 1987, the voters approved a ½% sales and use tax which specifies that the revenue may be used for the purpose of constructing, operating and maintaining the sewer system, waterworks, garbage collection and waste disposal facilities, fire department stations and related facilities, public parks and related facilities, and streets, alleys, sidewalks and bridges and for payment of salaries of non-elected municipal employees.

On April 20, 1995, the voters approved an additional 1% sales and use tax which specifies that revenue may be used for any lawful purpose for the Town including issuance of bonds to pay the costs of any lawful capital improvements for the Town.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide financial statements.

Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of bond issues and utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets(e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government- wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 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.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives of twenty-five to fifty years for roads, bridges, and infrastructure, ten to thirty years for land improvements, ten to forty years for buildings and improvements, ten to thirty-three years for improvements other than buildings, five to fifteen years for furniture and fixtures, five to fifteen years for vehicles, and five to ten years for equipment.

**TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

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

Employees are allowed to accrue ten days of sick leave each year. Employees can be paid sick leave only which sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses and such amounts cannot be reasonably estimated, a liability for unused sick leave is to recorded in the financial statements.

Employees are granted annual leave as follows:

- | | |
|----------------------|---------------------|
| > 3 years of service | 5 days (40 hours) |
| 3-8 years of service | 10 days (80 hours) |
| > 8 years of service | 15 days (120 hours) |

Annual leave is granted to each employee on their anniversary date of employment based on years of service. No carryover is allowed for annual leave. Upon termination of employment, an employee is paid for unused vacation as of the termination date.

Employees are also eligible to accumulate comp time. Comp time is overtime hours the employee works which are accumulated to be taken at a later date. Any hours worked by an employee which is over the regular time of forty (40) hours are equal to one and one-half (1 ½) hours of comp time. Upon termination, an employee is paid for unused comp time. Comp time is carried forward indefinitely until used or paid to the employee.

Both annual leave and comp time are recognized as liabilities as the benefits are earned by the employees when both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to the services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The long-term debt consists primarily of accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund Equity

In the government wide statements, net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

Proprietary fund equity is classified in the same manner as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

Fund Balance

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

Non-spendable - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted - amounts constrained to specific purposes by their providers (such as granters, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed - amounts constrained to specific purpose by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned - amounts that are available for any purpose; positive amounts are reported only in the general fund.

Estimates

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

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Risk Management

The town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability, and surety bond coverage. No claims were paid on any of the policies which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended June 30, 2022.

Bad Debts

The Town uses the direct charge-off method of accounting for uncollectible ad valorem taxes and water system receivables. Although the method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

Postretirement Benefits

The Town provides postretirement benefits to its police department employees.

Deferred Outflows and 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

BUDGET INFORMATION - The Town uses the following budget practices:

During the November or December meeting, the Mayor and Town Council prepare a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and expenses and the means of financing them. During the December meeting, the budget is legally enacted through passage of an ordinance. The public is invited to attend all meetings. The Town clerk is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. The budgets are adopted on the cash basis. There was no budget amendment provided by management for the year ended June 30, 2022.

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2022, the Town has cash and cash equivalents (book balances) totaling \$110,476 which comprises \$300 of petty cash and \$110,176 of demand deposits.

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 3 - CASH AND CASH EQUIVALENTS - Continued

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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, 2022, the Town has \$135,753 in deposits (collected bank balances). These deposits are secured from risk by \$135,753 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - INVESTMENTS

Investments held at the Town consist of \$559,525 (current assets of \$532,810 and restricted assets of \$26,715) in the Louisiana Asset Management Pool (LAMP), a local government investment pool, time deposits, and mutual funds.

Investments held at June 30, 2022 consist of the following:

	Cost Basis	Market Value	Unrealized Gain (Loss)
Louisiana Asset Management Pool	\$ 132,552	\$ 132,552	\$ -
CitiBank N.A. Certificate of Deposit, OID, Due April 2, 2029	100,607	84,430	(16,177)
Goldman Sachs Bank, Certificate of Deposit, OID, Due April 2, 2029	251,293	218,815	(32,478)
American Mutual Funds	75,073	69,958	(5,115)
	<u>559,525</u>	<u>505,755</u>	<u>(53,770)</u>

In accordance with GASB Code Sec. 150.126, the investment in LAMP at the Town is not categorized in the three risk categories provided by GASB Code Sec. 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the Jaws of the State of Louisiana. Only local government entities, having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 4 - INVESTMENTS - Continued

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(l)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A- I+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

NOTE 5 - RECEIVABLES

The receivables of \$32,500 at June 30, 2022, are as follows:

Class of Receivable	General Fund	Enterprise Fund	Total
Sales and Use Taxes	\$ 10,225	\$ -	\$ 10,225
Franchises Fees	3,517		3,517
Garbage Service (Net of Allowance)	5,911		5,911
Water and Sewer		35,465	35,465
Other	9,106		9,106
Total	<u>\$ 28,759</u>	<u>\$ 35,465</u>	<u>\$ 64,224</u>

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2022 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$366,979	\$ 6,052
2 % Sales Tax Fund		\$ 91,237
1/2 %Sales Tax Fund	97,289	
Enterprise Fund	66,502	433,481
Total	<u>\$530,770</u>	<u>\$ 530,770</u>

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 111,393	\$ -	\$ -	\$ -	\$ 111,393
Total Capital Assets Not Being Depreciated	<u>111,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,393</u>
Capital Assets Being Depreciation:					
Buildings	497,035				497,035
Improvements Other Than Buildings	165,548				165,548
Infrastructure	349,738				349,738
Machinery and Equipment	104,449		12,224		116,673
Vehicles	282,742				282,742
Total Capital Assets Being Depreciated	<u>1,399,512</u>	<u>-</u>	<u>12,224</u>	<u>-</u>	<u>1,411,736</u>
Accumulated Depreciation	<u>941,056</u>		<u>59,540</u>		<u>1,000,596</u>
Total Capital Assets Being Depreciated (Net)	<u>\$ 458,456</u>	<u>\$ -</u>	<u>\$ (47,316)</u>	<u>\$ -</u>	<u>\$ 411,140</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 40,883	\$ -	\$ -	\$ -	\$ 40,883
Construction in Progress					-
Total Capital Assets Not Being Depreciated	<u>40,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,883</u>
Capital Assets Being Depreciated:					
Buildings	2,439				2,439
Improvements Other Than Buildings	6,454,767				6,454,767
Equipment	960,691				960,691
Total Capital Assets Being Depreciated	<u>7,417,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,417,897</u>
Accumulated Depreciation	<u>5,148,777</u>		<u>203,711</u>		<u>5,352,488</u>
Total Capital Assets Being Depreciated (Net)	<u>\$2,269,120</u>	<u>\$ -</u>	<u>\$ (203,711)</u>	<u>\$ -</u>	<u>\$2,065,409</u>

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These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 7 - CAPITAL ASSETS - Continued

Depreciation expense is charged to governmental and business-type activities as follows:

	Governmental	Business- Type	Total
Public Safety	\$ 18,387	\$ -	\$ 18,387
General Government	9,509		9,509
Highways and Streets	31,644		31,644
Water and Sewer		203,711	203,711
Total	<u>\$ 59,540</u>	<u>\$ 203,711</u>	<u>\$ 263,251</u>

NOTE 8 - LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Government Activities:					
Compensated Absences	\$ 461	1342		\$ 1,803	\$ 1,803
Business-Type Activities:					
Compensated Absences	8,390		62	8,328	8,328
	<u>\$ 8,851</u>	<u>\$ 1,342</u>	<u>\$ 62</u>	<u>\$ 10,131</u>	<u>\$ 10,131</u>

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS

Municipal Police Employees' Retirement System (MPRES)

Plan Description

MPERS was established by and the benefit provisions are authorized within Act 189 of 1973 and amended by Louisiana Revised Statutes 11:2211 - 11:2233. Participants should refer to appropriate statutes for more complete information.

Membership 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, provided he or she does not have to pay social security and providing he or she meets statutory criteria. MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lampers.org or www.lla.state.la.us.

Benefits Provided

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS - Continued

Retirement

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% 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 to not 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 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Membership Commencing January 1, 2013

Membership 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 MPERS and has 25 years of creditable service at any age or has 12 years 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 MPERS 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 MPERS 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 3% (generally) and 2.5%, 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 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 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost-of-Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

These notes are an integral part of these financial statements.

**TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022**

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS - Continued

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP)

A member is eligible to elect to enter DROP when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in MPERS is terminated. At the entry date into DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into MPERS shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of MPERS' investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on MPERS' investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan

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

Contribution

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.

These notes are an integral part of these financial statements.

TOWN OF CULLEN, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING JUNE 30, 2022

NOTE 9 - EMPLOYEE RETIREMENT SYSTEMS - Continued

For the year ended June 30, 2023, the employer and employee contribution rates for all members hired prior to January 1, 2013, and both Hazardous and Non-Hazardous Duty members hired after January 1, 2013, were 31.25% and 10%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.425% and 7.5%, respectively.

No contributions to the pension plan were made during the year ending June 30, 2022.

NOTE 10 - RESTRICTED ASSETS

For the business-type activities, restricted assets were applicable to the following at June 30, 2022:

Customer Deposit - Cash	\$ 25,577
Customer Deposit - Investments	26,715
	<u>\$ 52,292</u>

NOTE 11 - ON-BEHALF PAYMENTS

During the fiscal year ended June 30, 2022, the Town's police chief and officers received \$5,875 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenues are reported in the general fund and the expenditures are included in the public safety expenditures.

NOTE 12 - CONTINGENT LIABILITIES

The Town is not involved in any litigation at June 30, 2022, nor is it aware of any unasserted claims.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 21, 2025. This date represents the date the financial statements were available to be issued.

These notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF CULLEN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2022

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual GAAP Basis	Variance
REVENUES				
Taxes - Ad Valorem	\$ 19,000	\$ 19,250	\$ 23,323	\$ 4,073
Licenses and Permits	30,045	25,245	20,070	(5,175)
Franchise Fees	17,200	15,445	30,448	15,003
Charges for Services	80,000	81,930	101,334	19,404
Fines and Forfeitures	17,000	6,500	21,678	15,178
Intergovernmental	3,650	7,915	5,875	(2,040)
Grants			197,131	197,131
Use of Money and Property	210		240	240
Miscellaneous	12,850	23,128	28,538	5,410
Total Revenues	179,955	179,413	428,637	249,224
EXPENDITURES				
General Government	106,585	88,189	177,351	(89,162)
Public Safety	159,135	131,408	119,756	11,652
Highway and Street	17,700	24,350	301	24,049
Sanitation and Health	72,570	72,170	72,332	(162)
Uncategorized Expenditures			19,396	(19,396)
Capital Outlay			12,224	(12,224)
Total Expenditures	355,990	316,117	401,360	(85,243)
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(176,035)	(136,704)	27,277	163,981
OTHER FINANCING SOURCES (USES)				
Operating Transfer In	123,346	138,750	374,895	236,145
Operating Transfer Out			(175,101)	(175,101)
Total Other Financing Sources (Uses)	123,346	138,750	199,794	61,044
Net Change in Fund Balance	(52,689)	2,046	227,071	225,025
Total Net Position - Beginning	41,163	15,332	179,963	164,631
Prior Period Adjustment	-	-	-	-
Total Net Position - Ending	\$ (11,526)	\$ 17,378	\$ 407,034	\$ 389,656

Notes to the Schedule

(1) Method of budgetary accounting - GAAP - Modified Accrual Basis.

(2) Explanation of material variances - underbudgeted public safety and capital outlay expenditures.

The accompanying notes are an integral part of these schedules.

TOWN OF CULLEN, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - TWO PERCENT SALES TAX FUND
FOR THE YEAR ENDING JUNE 30, 2022

	Budgeted Amounts		Favorable (Unfavorable)	
	Original	Final	Actual GAAP Basis	Variance
REVENUES				
Sales Taxes	\$ 65,600	\$ 85,000	\$ 68,507	\$ (16,493)
Use of Money and Property		5	(55)	(60)
Total Revenues	65,600	85,005	68,452	(16,553)
EXPENDITURES				
General Government	1,160	1,200	1,272	(72)
Culture and Recreation			-	-
Total Expenditures	1,160	1,200	1,272	(72)
Excess (Deficiency) of Revenues Over (Under) Expenditures	64,440	83,805	67,180	(16,481)
OTHER FINANCING SOURCES (USES)				
Operating Transfer In				-
Operating Transfer Out	(94,000)	(124,000)	(127,454)	(3,454)
Total Other Financing Sources (Uses)	(94,000)	(124,000)	(127,454)	(3,454)
Net Change in Fund Balance	(29,560)	(40,195)	(60,274)	(19,935)
Total Net Position - Beginning	91,647	67,245	61,629	(5,616)
Total Net Position - Ending	\$ 62,087	\$ 27,050	\$ 1,355	\$ (25,551)

Notes to the Schedule

- (1) Method of budgetary accounting - GAAP - Modified Accrual Basis.
- (2) Explanation of material variances - no amendment for transfers out.

The accompanying notes are an integral part of these schedules.

OTHER SUPPLEMENTAL SCHEDULES

TOWN OF CULLEN, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDING JUNE 30, 2022

<u>Board Member</u>	<u>Amount</u>
Terry Hoof, Mayor	\$ 12,000
Floydean White	3,120
Barbara Green	3,120
Denise Hoof	1,200
Jimmie Thomas	3,360
Darryl Ford	3,120
D. M. Epps	1,680
	<u>\$ 27,600</u>

These notes are an integral part of the schedules.

TOWN OF CULLEN, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDING JUNE 30, 2022

Agency Head Name: Mayor Terry Hoof

Purpose	Amount
Salary	\$ 12,000
Benefits - Insurance	0
Benefits - Retirement	0
Benefits - Other	0
Car Allowance	0
Vehicle Provided by Government	0
Per Diem	0
Reimbursements	0
Travel	0
Registration Fees	0
Conference Travel	0
Continuing Professional Education Fees	0
Telephone	0
Unvouchered Expenses	0
Special Meals	0
	<u>\$ 12,000</u>

These notes are an integral part of the schedules.

OTHER REPORTS

JUDY MONCRIEF CPA LLC

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

Mayor and Board of Aldermen
Town of Cullen
Cullen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cullen ("Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 21, 2025.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses, 2022-001 and 2022-002.

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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-003, 2022-004, and 2022-005 .

Town's Response to Findings

Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. 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 it.

Purpose of this Report

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

Judy Moncrief CPA LLC
Shreveport, Louisiana
February 21, 2025

TOWN OF CULLEN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING JUNE 30, 2022

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general-purpose financial statements of the Town of Cullen.
2. Three instances of noncompliance material to the financial statements of the Town of Cullen were disclosed during the audit.
3. Two significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. Financial Statements Findings

2022-001. Deficiency in Internal Control over Utility Receipts

Condition: The utility software was not charging the same rates as approved by the board on all accounts.

Criteria: Internal controls should be set up for all areas.

Cause: Utility software was not updated with current rates.

Effect: Utility revenues may be misstated and is at risk for fraud.

Recommendation: We recommend that the Town update the utility system to the current rates in effect and check how the system is charging various gallons used. Also the Town should maintain all records of billings and collections.

2022-002. Deficiency in Internal Control for Disbursements

Condition: Of the total sixty randomly selected disbursements, six had no supporting documentation. One of ten payroll disbursements had no support for hours paid according to hours worked on the timesheet.

Criteria: Internal controls should be set up for all areas.

Cause: Supporting documentation not kept in central location that can be easily located.

Effect: Expenses and payroll expenses may be misstated and is at risk for fraud.

Recommendation: We recommend the town clerk pay special attention to document retention and organization of files. The check signers should not sign any disbursements without proper supporting documentation attached.

**TOWN OF CULLEN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING JUNE 30, 2022**

2022-003. Late Submission Of Audit Report

Condition: The Town submitted the audit report after December 31, 2022.

Criteria: LRS 24:513A(5)(a)(I)

Cause: Receipts and disbursements were not entered into the general ledger in a timely manner and bank accounts were not reconciled in a timely manner. Town clerk left town employment and posting was not up to date so outside accountant was hired to help town.

Effect: Misstatements in the financial statements may not be detected and the town management could not make educated, informed decisions.

Recommendation: We recommend the Town post all activity timely, so all financial information is available to the auditor in order to have the audit performed timely.

2022-004. Internal Control Over Traffic Tickets Is Inadequate

Condition: Tickets are written to traffic violators and turned in to the town office. Tickets are written out of several ticket books and are not logged by the town to track checks that have been written. All tickets are sent to Springhill City Court where the tickets are logged into their program. All fines are paid through the city court. In turn, the city court writes a check to the town for the town's portion of the fine. Tickets can be dismissed or lowered by the Cullen chief of police.

Criteria: Internal controls should be set up for all areas.

Cause: Tickets written were not being kept up with by the town in order to know what tickets were still outstanding.

Effect: IC violation; potential fraud due to lack of checks and balances.

2022-005. Internal Control Over Employee Pay Data Is Inadequate

Condition: Employees' new hire/release dates and pay data is not current.

Criteria: Internal controls should be set up for all areas.

Cause: Employee pay rates and increases not documented in minutes.

TOWN OF CULLEN, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING JUNE 30, 2022

Effect: IC violation; potential fraud due to lack of checks and balances.

Recommendation: Maintain records of all employees' pay records in central location.

**TOWN OF CULLEN, LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDING JUNE 30, 2022**

2021-001. Significant Deficiency In Internal Control Over Utility Receipts

Status: Unresolved - see 2022-001

2021-002. Significant Deficiency In Internal Control For Disbursements

Status: Unresolved - see 2021-002

2021-003. Violation of Article VII, Section 14

Status: Resolved

2021-004. Late Submission Of Audit Report

Status: Unresolved- see 2021-003

2021-005. Local Government Budget Violation

Status: Resolved

2021-006. Significant Deficiency In Internal Control For Traffic Tickets

Status: Unresolved - see 2022-004

2021-007. Internal Control Over Employee Pay Data is Inadequate

Status: Unresolved - see 2022-005

**TOWN OF CULLEN
P. O. BOX 679
CULLEN, LOUISIANA 71021**

**CORRECTION ACTION PLAN
For the Year Ending June 30, 2022**

Town of Cullen hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 2022-001. The Town agrees with the recommendations and intends to implement them immediately.
- 2022-002. The Town agrees with the recommendations and intends to implement them immediately.
- 2022-003. The Town agrees with the recommendations and intends to implement them immediately.
- 2022-004. The Town agrees with the recommendations and intends to implement them immediately.
- 2022-005. The Town agrees with the recommendations and intends to implement them immediately.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen of Town of Cullen and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Cullen (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions.

 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- The minutes did not reference any various financial data nor any monthly budget-to-actual comparisons.***

- 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.

The minutes did not reference any negative unassigned fund balance.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

The minutes did not reference any updates of progress of resolving audit findings.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

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

No exceptions noted.

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

Bank reconciliations have initials of the accountant reviewing them.

- 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.

Reconciling items outstanding for more than 12 months were written off.

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).

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

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

- i. Employees responsible for cash collections do not share cash drawers/registers;
No exceptions noted.
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
No exceptions noted.
 - 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
No exceptions noted.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
No exceptions noted.
- 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.
Coverage includes all employees during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
 - v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained a listing of locations that process payments and management's representation that the listing is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

Obtained a listing of all employees involved with non-payroll purchasing and payment functions.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
No exceptions noted.
- ii. At least two employees are involved in processing and approving payments to vendors;
No exceptions noted.
- 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;
No exceptions noted.
- 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
No exceptions noted.
- 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.
No exceptions noted.

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

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

Obtained a representation of the disbursement population for the fiscal year and management's assertion that the population is complete.

- 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

All disbursements matched the related original invoice/billing statement.

- 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.

Three of the five disbursements included evidence of segregation of duties.

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

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/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.

Obtained complete listing of all active credit cards, debit cards, fuel cards, and P-cards and 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

Observed there is evidence the monthly statement was reviewed and approved, in writing, by someone other than the authorized card holder.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

Observed finance charges on one selected statement.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation

of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

(1) Transactions were supported by an itemized receipt.

(2) Transactions were supported by documentation of business/public purpose

(3) Not Applicable.

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);

No exceptions noted.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- 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

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Not applicable.

- 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);

No exceptions noted.

- 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

No exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained complete listing of employees and management's representation that the listing is complete. No personnel files containing authorized pay rates for the 5 employees selected to test were maintained by management.

- 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);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No personnel files to observe.

- 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.

Obtained a signed statement from management that stated no employee received a termination payment during the year.

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

No exceptions noted.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
- 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.

The Town has a written policy concerning ethics which requires employees to complete one hour of ethics training during the calendar year and maintains the certifications of achievement.

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

No exceptions noted.

11) Debt Service

- 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.

Not applicable.

- 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).

Obtained a listing of bonds outstanding and management's representation that the listing is complete. The randomly selected bond's reserve balance was underfunded compared to what the debt covenant requires.

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.

Management has asserted that there were not any misappropriations of funds or assets.

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

Observe that the entity has the notice posted on its premises.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

The accountant overseeing the accounting function backs up the upon each visit to the Town.

- 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.

Back up files were provided by the accountant overseeing the accounting function.

- 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 Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Terminated employees have been removed from the active employee list in QuickBooks.

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

The requirements are as follows:

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

Observed documentation for cybersecurity training.

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.

Observed the sexual harassment training documentation and certifications.

- 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).

Observed the posting of Town's sexual harassment policy and complaint procedures on its 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.

Management has asserted that there have been no sexual harassment reported for the current year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those CIC areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those *CIC* 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.

Judy Moncrief CPA LLC
Shreveport, Louisiana
February 21, 2025