

TOWN OF LAKE ARTHUR, LOUISIANA
ANNUAL FINANCIAL REPORT
JULY 31, 2023

PAGE LEFT BLANK INTENTIONALLY

TOWN OF LAKE ARTHUR, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended July 31, 2023

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Title Page	
Table of Contents	3-4
List of Principal Officials	5
FINANCIAL SECTION	
Independent Auditors' Report	7-11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14-15
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18-19
Statement of Revenues, Expenditures and Changes in Fund Balances	20-21
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Fund:	
Statement of Net Position	23
Statement of Revenues, Expenses and Changes in Net Position	24
Statement of Cash Flows	25-26
General Fund:	
Budgetary Comparison Statement	27-28
Street and Alley Fund:	
Budgetary Comparison Statement	29
Notes to Financial Statements	30-53

	Page
Required Supplementary Information	
Schedule of Employer's Proportionate Share of Net Pension Liability	56
Schedule of Employer's Pension Contributions	57
Notes to Required Supplementary Information	58
Other Supplementary Information	
Combining Nonmajor Fund Financial Statements:	
Combining Balance Sheet	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	61
Schedule of Compensation, Benefits and Other Payments to Mayor	62
Justice System Funding Schedule	63-64
REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL AND COMPLIANCE	
Report of Independent Auditors on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	
	68-70
Schedule of Findings and Responses	71-73
Summary Schedule of Prior Audit Findings Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	
	74-75

TOWN OF LAKE ARTHUR, LOUISIANA

July 31, 2023

MAYOR

The Honorable Sampson LeJeune

BOARD OF ALDERMEN

Mr. Ricky Monceaux
Ms. Debbie Abshire
Mr. Duke Broussard

Mr. Corey Conner
Mr. Mahlon LeBlanc

LEGAL COUNSEL

Mr. Richard Arceneaux

TOWN CLERK

Mrs. Mindy Marcantel

PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen
Town of Lake Arthur
Lake Arthur, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Arthur, Louisiana, as of and for the year ended July 31, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Arthur, Louisiana, as of July 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Street and Alley Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 disclosure 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 Lake Arthur, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Lake Arthur, 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 Schedule of Employer's Proportionate Share of Net Pension Liability and the Schedule of Employer's Pension Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lake Arthur, Louisiana's basic

financial statements. The accompanying combining and individual nonmajor fund financial statements, Schedule of Compensation, Benefits and Other Payments to Mayor, and Justice System Funding Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, Schedule of Compensation, Benefits and Other Payments to Mayor, and Justice System Funding Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2024, on our consideration of the Town of Lake Arthur, Louisiana's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Lake Arthur, Louisiana's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lake Arthur, Louisiana's internal control over financial reporting and compliance.

Under Louisiana Revised Statute 24:513, this report is distributed by the
Legislative Auditor as a public document.

Mr. Eray Dink + Bush

Lake Charles, Louisiana
February 27, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF NET POSITION
July 31, 2023

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 2,906,550	\$ 1,573,009	\$ 4,479,559
Investments	724,671	387,057	1,111,728
Receivables	172,483	92,387	264,870
Prepays	-	3,736	3,736
Due from other funds	14,803	(14,803)	-
Restricted cash	-	93,425	93,425
Capital assets not being depreciated	950,458	36,404	986,862
Capital assets, net of accumulated depreciation	3,837,161	1,113,110	4,950,271
Total assets	<u>8,606,126</u>	<u>3,284,325</u>	<u>11,890,451</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	35,436	7,778	43,214
LIABILITIES			
Accounts payable	31,226	-	31,226
Customer meter deposits	-	93,425	93,425
Other payables	60,577	-	60,577
Long-term liabilities:			
Due within one year	35,000	-	35,000
Due after one year	110,000	-	110,000
Net pension liability	200,057	43,915	243,972
Total liabilities	<u>436,860</u>	<u>137,340</u>	<u>574,200</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	15,475	3,396	18,871
NET POSITION			
Net investment in capital assets	4,642,619	1,149,514	5,792,133
Restricted for:			
Debt service	149,600	-	149,600
Streets and drainage	396,901	-	396,901
Unrestricted	3,000,107	2,001,853	5,001,960
Total net position	<u>\$ 8,189,227</u>	<u>\$ 3,151,367</u>	<u>\$ 11,340,594</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF ACTIVITIES
Year Ended July 31, 2023

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 446,306	\$ 111,899	\$ -
Highways and streets	294,350	-	-
Public safety	863,848	102,481	586,446
Health and recreation	746,176	421,251	32,739
Economic development	35,707	500	8,327
Community center	58,194	-	-
Total governmental activities	<u>2,444,581</u>	<u>636,131</u>	<u>627,512</u>
Business-type activities:			
Water and sewer	<u>1,112,129</u>	<u>531,172</u>	<u>-</u>
Total activities	<u>\$ 3,556,710</u>	<u>\$ 1,167,303</u>	<u>\$ 627,512</u>

General revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Franchise taxes

Intergovernmental

- Interest and investment earnings
- Gain (loss) on sale of capital assets
- Miscellaneous
- Transfers

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to financial statements

(Expense) Revenues and Changes in Net Position			
Capital Grants	Governmental Activities	Business- Type Activities	Total
\$ -	\$ (334,407)	\$ -	\$ (334,407)
-	(294,350)	-	(294,350)
40,679	(134,242)	-	(134,242)
-	(292,186)	-	(292,186)
-	(26,880)	-	(26,880)
-	(58,194)	-	(58,194)
40,679	(1,140,259)	-	(1,140,259)
-	-	(580,957)	(580,957)
<u>\$ 40,679</u>	<u>\$ (1,140,259)</u>	<u>\$ (580,957)</u>	<u>\$ (1,721,216)</u>

\$ 270,535	\$ -	\$ 270,535
908,981	66,320	975,301
157,114	-	157,114
454,189	-	454,189
20,024	4,570	24,594
(63,426)	-	(63,426)
138,859	38,543	177,402
(390,793)	390,793	-
<u>1,495,483</u>	<u>500,226</u>	<u>1,995,709</u>
355,224	(80,731)	274,493
<u>7,834,003</u>	<u>3,232,098</u>	<u>11,066,101</u>
<u>\$ 8,189,227</u>	<u>\$ 3,151,367</u>	<u>\$ 11,340,594</u>

PAGE LEFT BLANK INTENTIONALLY

FUND FINANCIAL STATEMENTS

TOWN OF LAKE ARTHUR, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
July 31, 2023

ASSETS	<u>General</u>	<u>Street & Alley</u>
ASSETS		
Cash	\$ 2,449,391	\$ 256,469
Investments	631,476	-
Receivables	132,144	38,688
Due from other funds	<u>55,582</u>	<u>-</u>
Total assets	<u>\$ 3,268,593</u>	<u>\$ 295,157</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 31,226	\$ -
Other payables	57,164	-
Due to other funds	<u>-</u>	<u>3,978</u>
Total liabilities	<u>88,390</u>	<u>3,978</u>
Fund balances:		
Restricted for:		
Street and alley maintenance	-	291,179
Drainage maintenance	-	-
Sidewalk maintenance	-	-
Debt service	-	-
Unassigned	<u>3,180,203</u>	<u>-</u>
Total fund balances	<u>3,180,203</u>	<u>291,179</u>
Total liabilities and fund balances	<u>\$ 3,268,593</u>	<u>\$ 295,157</u>

Amounts reported for governmental activities in the statement of net assets are different because:

- Total fund balance - total governmental funds
- Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds
- Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds
- Long-term liabilities, including bonds and capital lease payable, are not due and payable in the current period and, therefore, are not reported in the funds

Total net assets - governmental activities

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 200,690	\$ 2,906,550
93,195	724,671
1,651	172,483
<u>5,500</u>	<u>61,082</u>
<u>\$ 301,036</u>	<u>\$ 3,864,786</u>

\$ -	\$ 31,226
3,413	60,577
<u>42,301</u>	<u>46,279</u>
<u>45,714</u>	<u>138,082</u>

-	291,179
57,603	57,603
48,119	48,119
149,600	149,600
-	3,180,203
<u>255,322</u>	<u>3,726,704</u>
<u>\$ 301,036</u>	<u>\$ 3,864,786</u>

\$ 3,726,704
 4,787,619
 (180,096)
(145,000)
\$ 8,189,227

TOWN OF LAKE ARTHUR, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - GOVERNMENTAL FUNDS
 Year Ended July 31, 2023

	<u>General</u>	<u>Street & Alley</u>
Revenue:		
Taxes	\$ 855,554	\$ 369,623
Licenses and permits	111,899	-
Intergovernmental	1,073,376	-
Charges for services	421,751	-
Fines	102,481	-
Grants	-	-
Interest	18,112	319
Other	144,899	2,287
Total revenues	<u>2,728,072</u>	<u>372,229</u>
Expenditures:		
Current:		
General and administrative	453,557	-
Highways and streets	-	414,148
Public safety	880,596	-
Health and recreation	575,992	-
Economic development	35,707	-
Community center	59,472	-
Other	4,090	-
Debt service:		
Principal	18,260	-
Interest	1,386	-
Total expenditures	<u>2,029,060</u>	<u>414,148</u>
Excess (deficiency) of revenues over expenditures	699,012	(41,919)
Other financing sources (uses):		
Operating transfers in (out)	<u>(390,793)</u>	<u>-</u>
Net changes in fund balance	308,219	(41,919)
Fund balance, beginning	<u>2,871,984</u>	<u>333,098</u>
Fund balance, ending	<u>\$ 3,180,203</u>	<u>\$ 291,179</u>

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 111,452	\$ 1,336,629
-	111,899
40,677	1,114,053
-	421,751
-	102,481
-	-
1,593	20,024
-	147,186
<u>153,722</u>	<u>3,254,023</u>

-	453,557
68,379	482,527
-	880,596
-	575,992
-	35,707
-	59,472
-	4,090
30,000	48,260
9,039	10,425
<u>107,418</u>	<u>2,550,626</u>

46,304	703,397
-	(390,793)
46,304	312,604
<u>209,018</u>	<u>3,414,100</u>
<u>\$ 255,322</u>	<u>\$ 3,726,704</u>

TOWN OF LAKE ARTHUR, LOUISIANA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES
Year Ended July 31, 2023

Amounts reported for governmental activities in the
statement of activities different because:

Net change in fund balance - total governmental funds \$ 312,604

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense. This is the amount by
which capital outlays exceeded depreciation in the current
period.

(61,739)

The issuance of long-term debt provides current financial
resources to governmental funds, while the repayment of
the principal of long-term debt consumes the current
financial resources of governmental funds. Neither
transaction, however, has any effect on net assets.
This amount is the net effect of these differences in
the treatment of long-term debt and related items.

72,404

Net effect of pension liability recognition

31,955

\$ 355,224

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

TOWN OF LAKE ARTHUR, LOUISIANA
 PROPRIETARY FUND - UTILITY FUND
 STATEMENT OF NET POSITION
 July 31, 2023

<u>ASSETS</u>	<u>Business-Type Activities Enterprise Fund</u>
Current assets:	
Cash and cash equivalents	\$ 1,573,009
Investments	387,057
Receivables	92,387
Prepaid expenses	3,736
Total current assets	<u>2,056,189</u>
Restricted cash and cash equivalents	93,425
Capital assets not being depreciated	36,404
Capital assets, net of accumulated depreciation	<u>1,113,110</u>
Total assets	<u>\$ 3,299,128</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred outflow related to pensions	<u>\$ 7,778</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	-
Due to other funds	14,803
Customer meter deposits	93,425
Total current liabilities	<u>108,228</u>
Noncurrent liabilities:	
Due within one year	-
Due after one year	-
Net pension liability	43,915
Total noncurrent liabilities	<u>43,915</u>
Total liabilities	<u>152,143</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred inflows related to pensions	<u>3,396</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,149,514
Unrestricted	<u>2,001,853</u>
Total net position	<u>\$ 3,151,367</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

PROPRIETARY FUND - UTILITY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 Year Ended July 31, 2023

	Business-Type Activities Enterprise Fund
Operating revenues:	
Charges for services	\$ 531,172
Operating expenses:	
Personal services	82,894
Other services and charges	655,564
Materials and supplies	121,155
Heat, light and power	57,580
Depreciation	194,887
Total operating expenses	<u>1,112,080</u>
Operating (loss)	<u>(580,908)</u>
Nonoperating revenues (expenses):	
Interest income	4,570
Interest fiscal charges	(49)
Sales tax	66,320
Miscellaneous	38,543
Total nonoperating revenues (expenses)	<u>109,384</u>
Income (loss) before operating transfers	(471,524)
Operating transfers in (out)	<u>390,793</u>
Change in net position	(80,731)
Net position, beginning of year	<u>3,232,098</u>
Net position, end of year	<u>\$ 3,151,367</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA
 PROPRIETARY FUND - UTILITY FUND
 STATEMENT OF CASH FLOWS
 Year Ended July 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 523,311
Cash payments to suppliers for goods and services	(834,299)
Cash payments to employees for services	<u>(89,908)</u>
Net cash provided by operating activities	<u>(400,896)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating transfers in (out)	390,793
Miscellaneous	38,543
Sales tax	66,320
Increase in customer deposits	2,609
Advances from (to) other funds	<u>(2,067)</u>
Net cash provided by noncapital financing activities	<u>496,198</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on bonds	(16,740)
Purchase of property and equipment	(111,339)
Interest paid on bonds	<u>(49)</u>
Net cash (used in) capital and related activities	<u>(128,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	4,570
(Increase) in investments	<u>(3,408)</u>
Net cash provided by investing activities	<u>1,162</u>
Net increase in cash and cash equivalents	(31,664)
Cash and cash equivalents:	
Beginning of year	<u>1,698,098</u>
End of year	<u>\$ 1,666,434</u>
Cash and cash equivalents	\$ 1,573,009
Restricted cash and cash equivalents	<u>93,425</u>
	<u>\$ 1,666,434</u>

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended July 31, 2023
(Continued)

RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating (loss)	\$ (580,908)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	194,887
Changes in assets and liabilities:	
(Increase) in receivables	(7,861)
(Decrease) in payables	-
(Decrease) in net pension liability	(10,368)
Changes in deferred inflows and outflows of resources	<u>3,354</u>
Net cash provided by (used in) operating activities	<u>\$ (400,896)</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON STATEMENT
Year Ended July 31, 2023

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 678,500	\$ 828,500	\$ 855,554	\$ 27,054
Licenses and permits	68,000	68,000	111,899	43,899
Intergovernmental	354,101	1,054,101	1,073,376	19,275
Charges for services	358,350	358,350	421,751	63,401
Fines	30,800	80,800	102,481	21,681
Interest	10,000	10,000	18,112	8,112
Grants	-	-	-	-
Other	44,990	144,990	144,899	(91)
Total revenues	<u>1,544,741</u>	<u>2,544,741</u>	<u>2,728,072</u>	<u>183,331</u>
EXPENDITURES				
Current:				
General and administrative	368,825	468,825	453,557	15,268
Public safety	828,137	903,137	880,596	22,541
Health and recreation	447,400	572,400	575,992	(3,592)
Economic development	5,450	5,450	35,707	(30,257)
Community center	35,950	35,950	59,472	(23,522)
Other	2,800	2,800	4,090	(1,290)
Debt service:				
Principal retirement	34,000	34,000	18,260	15,740
Interest	2,000	2,000	1,386	614
Total expenditures	<u>1,724,562</u>	<u>2,024,562</u>	<u>2,029,060</u>	<u>(4,498)</u>
Excess (deficiency) of revenues over expenditures	(179,821)	520,179	699,012	178,833
Other financing sources (uses):				
Operating transfers in	17,340	(382,660)	(390,793)	(8,133)
Total other financing Sources (uses):	<u>17,340</u>	<u>(382,660)</u>	<u>(390,793)</u>	<u>(8,133)</u>
Net changes in fund balance	(162,481)	137,519	308,219	170,700

(continued on next page)

TOWN OF LAKE ARTHUR, LOUISIANA

GENERAL FUND

BUDGETARY COMPARISON STATEMENT

Year Ended July 31, 2023

(Continued)

Fund balance, beginning of year	<u>2,871,984</u>	<u>2,871,984</u>	<u>2,871,984</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,709,503</u>	<u>\$ 3,009,503</u>	<u>\$ 3,180,203</u>	<u>\$ 170,700</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

STREET AND ALLEY FUND

BUDGETARY COMPARISON STATEMENT

Year Ended July 31, 2023

	<u>Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 305,000	\$ 305,000	\$ 369,623	\$ 64,623
Interest	150	150	319	169
Other	-	-	2,287	2,287
Total revenues	<u>305,150</u>	<u>305,150</u>	<u>372,229</u>	<u>67,079</u>
EXPENDITURES				
Current:				
Highways and streets	<u>459,850</u>	<u>459,850</u>	<u>414,148</u>	<u>45,702</u>
Excess (deficiency) of revenues over expenditures	(154,700)	(154,700)	(41,919)	112,781
Fund balance, beginning of year	<u>333,098</u>	<u>333,098</u>	<u>333,098</u>	<u>-</u>
Fund balance, end of year	<u>\$ 178,398</u>	<u>\$ 178,398</u>	<u>\$ 291,179</u>	<u>\$ 112,781</u>

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

TOWN OF LAKE ARTHUR, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
July 31, 2023

1) Summary of Significant Accounting Policies

The Town of Lake Arthur, Louisiana was incorporated in 1904, under the provisions of the Lawrason Act. The Town operates under a Mayor-Town Council form of government.

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

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are controlled by, or dependent on the Mayor and Town Council of the Town of Lake Arthur, Louisiana. Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body and other general oversight authority.

Based on the foregoing criteria, the Town of Lake Arthur has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the Town of Lake Arthur.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in

part by fees charged to external parties for goods or services.

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

FUND FINANCIAL STATEMENTS

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The various funds are grouped, in the financial statements in this report, into two broad fund categories as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specified sources" established that one or more specific restricted or committed revenues shall be the foundation for a special revenue fund.

Capital Projects Funds - These funds account for and report financial resources that are restricted, committed, or assigned for capital acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

PROPRIETARY FUNDS

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

C. Measurement Focus and Basis of Accounting

Measurement focus refers to which transactions are recorded within various financial statements. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales

tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary funds, also in the fund financial statements, are accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statements for the proprietary fund present increases or decreases in net total assets.

D. Deferred Outflows of Resources and Deferred Inflows of Resources

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

E. Use of Estimates

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

F. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund balances:

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net position:

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 or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position.

G. Budgets and Budgetary Accounting

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

1. Prior to July 31, the Town Clerk submits to the Mayor and Council a proposed operating budget for the fiscal year commencing the following August 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comment.

3. Prior to July 31, the budget is legally enacted through passage of an ordinance.
4. Any revisions that alter total expenditures of any fund must be approved by the Council. Expenditures cannot legally exceed appropriations on a fund level.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted, or as amended by the Town Council.
7. All budgetary appropriations except for Capital Projects lapse at the end of each fiscal year.
8. Budgets are amended by resolution approved by the Town Council.

Encumbrance accounting is not used.

H. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and U.S. Government Agencies securities with maturities of three months or less.

Louisiana state statutes, as stipulated in R.S. 39:1271, authorize the Town to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. The state statutes also authorize the Town to invest in any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies. Investing is performed in accordance with investment policies complying with State Statutes and those adopted by the Town Council.

Investments are stated at cost.

I. Inventory

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

J. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

K. Interfund Activity

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

L. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a minimum threshold level for capitalizing capital assets of \$1,500.

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. Prior to the adoption of GASB 34, it was the Town's policy not to record infrastructure; therefore, the Town did not have a complete listing of infrastructure. The Town has opted not to do a detailed analysis of existing infrastructure, and will begin accumulating infrastructure information prospectively.

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

Water and sewer lines	30 years
Machinery and equipment	3-10 years
Autos and trucks	3-5 years
Infrastructure	10-40 years

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

M. Restricted Assets

Restricted assets include cash and interest-bearing deposits of the governmental funds and proprietary funds that are legally restricted as to their use. The restricted assets are related to debt service interest sinking and reserve accounts and utility meter deposits. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

N. Compensated Absences

The Town's policy on annual leave is that if the time is not taken during the year earned it will be forfeited; that is, no carryover of time or compensation in lieu of time off will be allowed.

The Town's policy on sick leave is 10 days per year. Unused sick leave can be accumulated up to 30 days to be used for prolonged illness, but the town will not pay for unused sick leave upon termination.

O. Adoption of New Accounting Principles

For the year ended July 31, 2023, the following statement was implemented: GASB Statement No. 87, Leases. This statement changed the accounting and financial reporting for leases by governments. It requires leases to recognize an intangible right-to-use asset and liability for leases that were previously classified as operating leases and establishes a single classification model for leases going forward.

2) Cash, Cash Equivalents and Investments

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

In accordance with a fiscal agency agreement which is approved by the Town Council, the Town of Lake Arthur maintains demand and time deposits through local depository banks which are members of the Federal Reserve System.

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. government, obligations issued or guaranteed by an agency established by the U.S. government, general obligation bonds of any state of the U.S., or of any Louisiana parish, municipality, or school district. The Town's bank demand and time deposits at year end were fully collateralized.

The deposits at July 31, 2023 are as follows:

	<u>Demand Deposits</u>	<u>Time Deposits</u>
Carrying amount	\$ 4,574,578	\$ 1,111,728
Bank balances:		
a. Federally insured	\$ 250,000	\$ 63,510
b. Collateralized by securities Held by the pledging financial institution	4,372,362	1,048,218
c. Uncollateralized and uninsured	-	-
Total bank balances	\$ 4,622,362	\$ 1,111,728

As of July 31, 2023, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-,10</u>	<u>More Than 10</u>
Certificates of deposit	\$ 1,111,728	\$ 1,111,728	\$ -	\$ -	\$ -

Interest rate risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Town has no investment policy that would further limit its investment choices.

Concentration of credit risk. The Town places no limit on the amount the Town may invest in any one issuer. All of the Town's investments are in certificates of deposit.

3) Ad Valorem Taxes

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

For the year ended July 31, 2023 taxes of 25.63 mills were levied on property with assessed valuations totaling \$10,576,846 and were dedicated as follows:

General corporate purposes	7.93 mills
Drainage maintenance	5.45 mills
Street and alley maintenance	5.45 mills
Debt service	4.00 mills
Recreation	2.80 mills

The Town property taxes are levied on November 1 and are due December 31, and are delinquent by January 1st. Delinquent property taxes attach as enforceable liens on property as of April 30.

4) Changes in Capital Assets

Capital asset activity for the year ended July 31, 2023, was as follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 911,358	\$ -	\$ -	\$ 911,358
Construction in progress	-	39,100	-	39,100
Total capital assets not being depreciated	<u>911,358</u>	<u>39,100</u>	<u>-</u>	<u>950,458</u>
Capital assets being depreciated:				
Infrastructure	5,249,482	222,431	-	5,471,913
Buildings	1,308,426	10,600	-	1,319,026
Furniture and equipment	698,223	35,356	-	733,579
Vehicles	1,635,604	47,465	298,900	1,384,169
Total capital assets being depreciated	<u>8,891,735</u>	<u>315,852</u>	<u>298,900</u>	<u>8,908,687</u>
Less accumulated depreciation for:				
Infrastructure	2,158,239	213,578	-	2,371,817
Buildings	771,499	36,301	-	807,800
Furniture and equipment	559,348	44,853	-	604,201
Vehicles	1,464,648	58,534	235,474	1,287,708
Total accumulated depreciation	<u>4,953,734</u>	<u>353,266</u>	<u>235,474</u>	<u>5,071,526</u>
Capital assets being depreciated, net	<u>3,938,001</u>	<u>(37,414)</u>	<u>63,426</u>	<u>3,837,161</u>
Government activities capital assets, net	<u>\$ 4,849,359</u>	<u>\$ 1,686</u>	<u>\$ 63,426</u>	<u>\$ 4,787,619</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 36,404	\$ -	\$ -	\$ 36,404
Capital assets being depreciated:				
Sewer system	4,285,808	54,250	-	4,340,058
Water system	1,844,662	17,725	-	1,862,387
Vehicles	53,510	-	16,439	37,071
Furniture and equipment	244,069	39,364	-	283,433
Total capital assets being depreciated	<u>6,428,049</u>	<u>111,339</u>	<u>16,439</u>	<u>6,522,949</u>
Less accumulated depreciation for:				
Sewer system	3,790,326	128,167	-	3,918,493
Water system	1,195,469	48,709	-	1,244,178
Vehicles	53,510	-	16,439	37,071
Furniture and equipment	192,086	18,011	-	210,097
Total accumulated depreciation	<u>5,231,391</u>	<u>194,887</u>	<u>16,439</u>	<u>5,409,839</u>
Capital assets being depreciated, net	<u>1,196,658</u>	<u>(83,548)</u>	<u>-</u>	<u>1,113,110</u>
Business-type activities capital assets, net	<u>\$ 1,233,062</u>	<u>\$ (83,548)</u>	<u>\$ -</u>	<u>\$ 1,149,514</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 33,961
Public safety	61,332
Highway and streets	40,062
Health and recreation	<u>217,911</u>
Total depreciation	<u>\$ 353,266</u>

5) Long-Term Debt

Long-term debt is comprised of the following at July 31, 2023:

Direct Placement:

\$500,000 General Obligation Bonds, Series 2007, interest payable ranging from 1.75% to 3.75%, principal and interest payable through the year 2027	\$ 145,000
--	------------

Long-term liability activity for the year ended July 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation Certificate of indebtedness	\$ 175,000	\$ -	\$ 30,000	\$ 145,000	\$ 35,000
Note payable	18,260	-	18,260	-	-
Net pension liabilities	24,149	-	24,149	-	-
	<u>247,289</u>	<u>-</u>	<u>47,232</u>	<u>200,057</u>	<u>-</u>
Total governmental	<u>\$ 464,698</u>	<u>\$ -</u>	<u>\$ 119,641</u>	<u>\$ 345,057</u>	<u>\$ 35,000</u>
Business-type activities:					
Certificate of indebtedness	\$ 16,740	\$ -	\$ 16,740	\$ -	\$ -
Net pension liabilities	54,283	-	10,368	43,915	-
Total business-type	<u>\$ 71,023</u>	<u>\$ -</u>	<u>\$ 27,108</u>	<u>\$ 43,915</u>	<u>\$ -</u>

Debt service requirements at July 31, 2023 were as follows:

GOVERNMENTAL ACTIVITIES:

Year Ended July 31,	DIRECT PLACEMENT		DIRECT BORROWING	
	Principal	Interest	Principal	Interest
2024	\$ 35,000	\$ 5,105	\$ -	\$ -
2025	35,000	3,985	-	-
2026	35,000	2,778	-	-
2027	40,000	1,500	-	-
2028	-	-	-	-
	<u>\$ 145,000</u>	<u>\$ 13,368</u>	<u>\$ -</u>	<u>\$ -</u>

Interest charged to expense during the year ended July 31, 2023 totaled \$10,474, of which \$10,425 was for governmental activities and \$49 was for business-type activities.

6) Interfund Transactions

Individual fund interfund receivable and payable balances which are not expected to be repaid within a year at July 31, 2023 were:

	Due From	Due To
General fund	\$ 55,582	\$ -
Street and alley maintenance	-	3,978
Utilities system fund	-	14,803
Non-major funds	-	36,801
	<u>\$ 55,582</u>	<u>\$ 55,582</u>
	Transfer In	Transfer Out
General fund	\$ -	\$ 390,793
Utilities system fund	390,793	-
	<u>\$ 390,793</u>	<u>\$ 390,793</u>

7) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at July 31, 2023:

Customers deposits	<u>\$ 93,425</u>
--------------------	------------------

8) Fund Balance

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

Non-spendable -

includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted -

includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained or due to constitutional provisions or enabling legislation.

Committed -

includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority (Board of Aldermen) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment.

Assigned -

includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Mayor.

Unassigned -

includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the government would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Town does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major special revenue fund	Revenue source
Streets and Alley Fund	32% of 2½% sales tax described in Note 9

9) Dedication of Proceeds and Flow of Funds - 2 ½% Sales and Use Tax

Proceeds of a 2 ½% sales and use tax levied by the Town of Lake Arthur, Louisiana (2023 collections \$975,301) are dedicated to the following purposes:

General Fund	60%
Streets	32%
Water	6.8%
Sidewalks	.8%
Drainage	.4%

10) Pension Plan

Plan Descriptions

Substantially all employees of the Town of Lake Arthur are members of the following statewide retirement system: Municipal Employees Retirement System of Louisiana (MERS). This system is cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The system issue annual, publicly-available financial reports that include financial statements and required supplementary information for the system. The reports for MERS may be obtained at www.mersla.com.

Plan Description- MERS

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana and is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town of Lake Arthur are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in MERS.

Benefits Provided

Retirement Benefits- MERS

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest

age of which the member would be entitled to a vested deferred benefit under any of the previously-mentioned provisions if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30% of member's final compensation) or an amount equal to

what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

Survivor's Benefit

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan B member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service. The surviving spouse will be paid either a monthly benefit equal to 30% of member's final compensation, payable when surviving spouse attains the age of 60 or becomes disabled, or a monthly benefit equal to actuarial equivalent of the benefit described previously (not less than 15% of member's final compensation), payable upon the death of the member. A MERS Plan B member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Cost of Living Increases

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

Contributions

The MERS employer contribution rate is established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending July 31, 2023 the employer contribution rate for MERS Plan B was 15.50%. Employer contributions to MERS were \$40,526 for the year ended July 31, 2023. Employees participating in MERS are required to contribute 5.00%.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. The Town of Lake Arthur recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended July 31, 2023, the Town of Lake Arthur recognized revenue as a result

of support received from non-employer contributing entities of \$9,692 for its participation in MERS.

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

At July 31, 2023, the Town of Lake Arthur reported a liability for MERS of \$243,972 for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2023 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Town of Lake Arthur's proportion of the net pension liability for the retirement system was based on a projection of the Town of Lake Arthur's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Town of Lake Arthur's proportion for MERS was 0.304257%. This reflects a decrease for MERS of 0.039226% from its proportion measured as of June 30, 2022.

For the year ended July 31, 2023, the Town of Lake Arthur recognized pension expense, for which there were no forfeitures, as follows:

	<u>Pension Expense</u>
MERS	\$ 11,248
MPERS*	-
Total	<u>\$ 11,248</u>

At July 31, 2023, the Town of Lake Arthur reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
	MERS	MPERS*	Total	MERS	MPERS*	Total
Differences between expected and actual Changes in assumptions	3,506	-	3,506	87	-	87
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,647	-	31,647	-	-	-
Employer contributions subsequent to measurement date	4,288	-	4,288	18,784	-	18,784
	3,773	-	3,773	-	-	-
Total	<u>\$ 43,214</u>	<u>\$ -</u>	<u>\$ 43,214</u>	<u>\$ 18,871</u>	<u>\$ -</u>	<u>\$ 18,871</u>

During the year ended July 31, 2023, employer contributions totaling \$3,658 were made subsequent to the measurement date for MERS. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended July 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	<u>MERS</u>	<u>MPERS*</u>
2024	\$ 4,903	\$ -
2025	(3,684)	-
2026	20,694	-
2027	<u>(1,341)</u>	<u>-</u>
Total	<u>\$ 20,572</u>	<u>\$ -</u>

*The Town no longer participates in MPERS. Remaining items relate to the amortization of prior year deferred inflows.

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS employers as of June 30, 2023 are as follows:

	<u>MERS Plan B</u>
Total pension liability	\$ 299,800,931
Plan fiduciary net position	<u>(219,614,861)</u>
Total net pension liability	<u>\$ 80,186,070</u>

The Town of Lake Arthur's allocation is 0.304257% of the Total Net Pension Liability for MERS.

The total pension liabilities for MERS in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions:

	MERS	
Actuarial cost method	Entry Age Normal Cost	
Expected remaining service lives	3 years for Plan B	
Investment rate of return	6.85%, net of investment expense	
Inflation rate	2.50%	
Projected salary increases	7.4% for 1-4 years of service, 4.9% more than 4 years of service	
Cost of living adjustments	None	
Mortality	<p style="text-align: center;">MERS</p> <p>PubG-2010(B) Employee Table for active members (equal to 120% for males and females, each adjusted using respective MP2018 scales):</p> <p>PubG-2010(B) Healthy Retiree Table for annuitants (equal to 120% for males and females, each adjusted using respective MP2018 scales):</p> <p>PubNS-2010(B) Disabled Retiree Table for disabled annuitants (equal to 120% for males and females with the full generational MP2018 scale).</p>	

The MERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2013 through June 30, 2018.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 6.85% for the year ended June 30, 2023.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS and MPERS as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected</u>
	<u>MERS</u>	<u>Real Rate of Return</u>
		<u>MERS</u>
Equity	56%	2.44%
Fixed income	29%	1.26%
Alternatives	<u>15%</u>	<u>0.65%</u>
Subtotal	<u>100%</u>	4.35%
Inflation adjustment		<u>2.50%</u>
Total		<u>6.85%</u>

Discount Rates

The discount rate used to measure the total pension liability for MERS was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rates

The following table presents the Town of Lake Arthur's proportionate share of the net pension liability using the discount rate of 6.85% for MERS, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.85% for MERS) or one percentage-point higher (7.85% for MERS) than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
		<u>Discount</u>	
MERS	\$ 344,734	\$ 243,972	\$ 158,743

Payables to the Pension Plans

At July 31, 2023, payable to MERS was \$4,990 for July 2023 employee and employer legally-required contributions.

11) Landfill Joint Venture

The Town is a participant in a joint venture referred to as the Jefferson Davis Parish Sanitary Landfill Commission. This entity was chartered on February 17, 1984. The Commission's purpose is the establishment of a long-term plan for the disposal of solid wastes in Jefferson Davis Parish. According to the charter, each participant in the Commission is responsible for a pro rata share of any operating deficits. Likewise, any distributions of surpluses are also shared on a pro rata basis. Each participant's pro rata share is based on the number of households within each participant's unit to the total number of households within all participating units. These proportions were determined using the 1980 U.S. Census as follows:

<u>Locality</u>	<u>Number of Households</u>	<u>Percentages</u>
Jennings	4,161	.421196
Welsh	1,167	.118129
Lake Arthur	1,212	.122684
Parish (excluding Jennings, Welsh, Lake Arthur and Elton)	<u>3,339</u>	<u>.337991</u>
Totals	<u>9,879</u>	<u>1.000000</u>

The Commission consists of six commissioners as follows: two residents of Jennings, one resident of Welsh, one resident of Lake Arthur, and two residents of Jefferson Davis Parish living outside the city limits of Jennings, Welsh, Lake Arthur and Elton. The Commission members are to be appointed by the governing body of their place of residence.

The Commission has the power and authority to employ personnel, adopt its own budget and enter into agreements necessary for the operation of the Landfill. In certain instances, some agreements must be consented to by all six members of the Commission.

Condensed financial information for the Jefferson Davis Parish Sanitary Landfill as of December 31, 2022 (the latest available audited financial statements which is available in a separately issued financial report) was as follows:

	<u>Total</u>	<u>Lake Arthur (12.2684%)</u>
Total assets and deferred outflows	\$ 6,262,977	\$ 768,367
Total liabilities and deferred inflows	142,208	17,447
Total net position	6,120,769	750,920
Total revenues	4,269,182	523,760
Total expenditures	4,083,392	500,967
Increase in net position	185,790	22,793

As of December 31, 2022, the Commission had no long-term debt outstanding.

The Landfill Commission as owner of a sanitary landfill is subject to recent Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the post closure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit..". Additionally, "...the contractor's post closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

During the year ended December 31, 2021, the Commission voted to make a distribution to the four local government bodies that participate in the Landfill Commission and funded its construction and early operations. The distributions were made in the same proportions as the original investments by the governments. For the Town of Lake Arthur, the distribution amounted to \$404,497 which is recorded as "landfill revenues" in the General Fund in the fiscal year ended July 31, 2023.

12) Amounts Paid Members of Governing Board

Mr. Sampson LeJeune	\$ 12,200
Ms. Sherry Crochet	6,000
Mr. David Hanks	2,000
Mr. Ricky Monceaux	5,400
Ms. Roberta Palermo	2,000
Mr. Auldon Robinson	2,000
Mr. Corey Conner	3,000
Ms. Debbie Abshire	3,400
Mr. Duke Broussard	3,400
Mr. Mahlon LeBlanc	<u>3,200</u>
	<u>\$ 42,600</u>

13) Subsequent Events

Management has evaluated subsequent events through the date of the financial statements were available to be issued February 27, 2024.

PAGE LEFT BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer's Proportionate
Share of the Net Pension Liability

Schedule of Employer's Pension
Contributions

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
Year Ended July 31, 2023*

Plan Year	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS:					
2023	0.304257%	\$ 243,972	\$ 256,128	95.3%	73.25%
2022	0.343483%	301,572	276,156	109.2%	69.56%
2021	0.326013%	188,862	250,755	75.3%	79.14%
2020	0.416983%	377,881	323,155	116.9%	66.26%
2019	0.423489%	370,474	325,502	113.8%	66.14%
2018	0.402881%	340,770	299,586	113.7%	65.60%
2017	0.424578%	367,360	314,976	116.6%	62.49%
2016	0.428656%	355,317	317,823	111.8%	63.34%
2015	0.425868%	289,440	295,501	97.9%	68.71%
2014	0.424662%	199,377	279,856	71.2%	76.94%

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

* This schedule will contain ten years of historical information once such information becomes available

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
Year Ended July 31, 2023

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a Percent of Covered Employee Payroll</u>
MERS:					
2023	\$ 40,526	\$ 40,526	\$ -	\$ 265,868	15.78%
2022	42,141	42,141	-	271,880	15.50%
2021	39,332	39,332	-	255,557	15.39%
2020	44,733	44,733	-	319,524	14.00%
2019	45,979	45,979	-	328,851	13.98%
2018	39,703	39,703	-	299,586	13.25%
2017	35,147	35,147	-	309,411	11.36%
2016	30,340	30,340	-	318,795	9.52%
2015	28,697	28,697	-	302,072	9.50%
2014	24,725	24,725	-	280,589	8.81%
2013	22,317	22,317	-	276,856	8.00%

TOWN OF LAKE ARTHUR, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year ended July 31, 2023

Changes to benefit terms:

There were no changes in benefit term for MERS for the measurement period ending June 30, 2023.

Changes in Assumptions:

Discount rate for MERS changed from 6.95% to 6.85%.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
July 31, 2023

	<u>Sidewalk Maintenance</u>	<u>Drainage Maintenance</u>	<u>Combined Bond Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 41,652	\$ 95,736	\$ 63,302	\$ 200,690
Investments	-	-	93,195	93,195
Accounts receivable	967	684	-	1,651
Due from other fund	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total assets	<u>\$ 48,119</u>	<u>\$ 96,420</u>	<u>\$ 156,497</u>	<u>\$ 301,036</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Interest payable	\$ -	\$ -	\$ 3,413	\$ 3,413
Due to other funds	<u>-</u>	<u>38,817</u>	<u>3,484</u>	<u>42,301</u>
Total liabilities	<u>\$ -</u>	<u>\$ 38,817</u>	<u>\$ 6,897</u>	<u>\$ 45,714</u>
FUND BALANCE				
Restricted	<u>48,119</u>	<u>57,603</u>	<u>149,600</u>	<u>255,322</u>
Total liabilities and fund balance	<u>\$ 48,119</u>	<u>\$ 96,420</u>	<u>\$ 156,497</u>	<u>\$ 301,036</u>

TOWN OF LAKE ARTHUR, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 Year Ended July 31, 2023

	<u>Sidewalk Maintenance</u>	<u>Drainage Maintenance</u>	<u>Combined Bond Fund</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 7,802	\$ 61,428	\$ 42,222	\$ 111,452
Interest	-	362	1,231	1,593
Intergovernmental income	-	40,677	-	40,677
Total revenues	<u>7,802</u>	<u>102,467</u>	<u>43,453</u>	<u>153,722</u>
Expenditures:				
Highways and streets	23,342	45,037	-	60,379
Debt service:				
Principal retirement	-	-	30,000	30,000
Interest	-	-	9,039	9,039
Total expenditures	<u>23,342</u>	<u>45,037</u>	<u>39,039</u>	<u>107,418</u>
Net changes in fund balance	(15,540)	57,430	4,414	46,304
Fund balance, beginning	<u>63,659</u>	<u>173</u>	<u>145,186</u>	<u>209,018</u>
Fund balance, ending	<u>\$ 48,119</u>	<u>\$ 57,603</u>	<u>\$ 149,600</u>	<u>\$ 255,322</u>

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO MAYOR
 Year Ended July 31, 2023

Mayor Sherry Crochet (August 1, 2022 - December 31, 2022)

Purpose	<u>Amount</u>
Salary	\$ 6,000
Miscellaneous	<u>2,076</u>
	<u>\$ 8,076</u>

Mayor Sampson LeJeune (January 1, 2023 - July 31, 2023)

Purpose	<u>Amount</u>
Salary	\$ 12,200
Travel	1,142
Convention	625
Miscellaneous	<u>1,774</u>
	<u>\$ 15,741</u>

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information		
Entity Name	Town of Lake Arthur	
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.)	2278	
Date that reporting period ended (mm/dd/yyyy)	Monday, July 31, 2023	
	First Six Month Period Ended 01/31/23	Second Six Month Period Ended 07/31/23
Cash Basis Presentation		
1. Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
2. Add: Collections		
a Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
b Bond Fees	-	-
c Asset Forfeiture/Sale	-	-
d Pre-Trial Diversion Program Fees	-	-
e Criminal Court Costs/Fees	7,408	9,017
f Criminal Fines - Contempt	-	-
g Criminal Fines - Other	39,277	46,779
h Restitution	-	-
i Probation/Parole/Supervision Fees	-	-
j Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
k Interest Earnings on Collected Balances	-	-
l Other (do not include collections that fit into more specific categories above)	-	-
m Subtotal Collections	46,685	55,796
3. Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
Louisiana Department of Treasury, Criminal Court Costs/Fees	599	705
Louisiana Commission on Law Enforcement, Criminal Costs/Fees	6,809	8,312
Agency name/collection type	-	-
Agency name/collection type	-	-
Agency name/collection type	-	-
Agency name/collection type	-	-
4. Less: Amounts Retained by Collecting Agency		

a	Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
b	Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	39,277	46,779
c	Amounts "Self-Disbursed" to Collecting Agency (<i>must include a separate line for each collection type, as applicable</i>) - Example: Criminal Fines - Other (<i>Additional rows may be added as necessary</i>)	-	-

5. Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies

a	Civil Fee Refunds	-	-
b	Bond Fee Refunds	-	-
c	Restitution Payments to Individuals (additional detail is not required)	-	-
d	Other Disbursements to Individuals (additional detail is not required)	-	-
e	Payments to 3rd Party Collection/Processing Agencies	-	-

6. Subtotal Disbursements/Retainage		46,685	55,796
--	--	--------	--------

7. Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)		-	-
---	--	---	---

Ending Balance of "Partial Payments" Collected but not Disbursed (*only applies if collecting agency does not disburse partial payments until fully collected*) - This balance is

8. included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.		-	-
---	--	---	---

9. Other Information:

a	Ending Balance of Total Amounts Assessed but not yet Collected (<i>i.e. receivable balance</i>)	-	-
b	Total Waivers During the Fiscal Period (<i>i.e. non-cash reduction of receivable balances, such as time served or community service</i>)	-	-

PAGE LEFT BLANK INTENTIONALLY

REPORT OF INDEPENDENT AUDITORS ON
INTERNAL CONTROL AND COMPLIANCE

PAGE LEFT BLANK INTENTIONALLY

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

Honorable Mayor and Board of Aldermen
Town of Lake Arthur
Lake Arthur, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lake Arthur, Louisiana, as of and for the year ended July 31, 2023, and the related notes to the financial statements, which collectively comprise the Town of Lake Arthur, Louisiana's basic financial statements and have issued our report thereon dated February 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lake Arthur, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two 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 2023-003 and 2023-004.

Town of Lake Arthur, Louisiana's Response to Findings

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

Purpose of This Report

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

Mr. Eray Quil + Bank

Lake Charles, Louisiana
February 27, 2024

TOWN OF LAKE ARTHUR, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended July 31, 2023

2023-001 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Cause: The Town has a very small staff.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

2023-002 Financial Reporting

Condition: In our judgment, the Town's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Criteria: The Auditing Standards Board issued guidance to auditors related to entity's internal controls over financial reporting. Many small organizations rely on their auditor to generate the annual financial statements including footnotes. Auditing standards emphasize that the auditor cannot be part of your system of internal control over financial reporting.

TOWN OF LAKE ARTHUR, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended July 31, 2023

Cause: The Town does not have staff with adequate ability to prepare GAAP financial statements.

Effect: Material misstatement in financial statements could go undetected.

Recommendation: In our judgment, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Response: We concur with this recommendation. Management has implemented supervision and review procedures to the extent possible.

2023-003 Late Filing of Audited Financial Statements

Condition: The July 31, 2023, audited financial statements were not filed with the Legislative Auditor's office within six months after the fiscal year ended as required by LSA-RS 24:514.

Criteria: Louisiana State Audit Law requires audited financial statements to be filed within six months after the fiscal year end of government entities.

Cause: The necessary information from state pension funds is not available in time to meet the statutory deadline.

Effect: The Town is not in compliance with LSA-RS 24:514.

Recommendation: In the future, the Town should file audited financial statements in a timely manner, if possible.

Response: The Town will make its best effort to file its audits in a timely manner in the future, but it's success will be dependent on the availability of certain external reports needed to calculate the Town's pension liability.

TOWN OF LAKE ARTHUR, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended July 31, 2023

2023-004 Bid Law

Condition: The Town did not comply with R.S. 38:2212 Louisiana Public Bid Law as it pertains to public works projects.

Criteria: Louisiana Public Bid Law requires all public works projects in excess of \$250,000 be publicly bid prior to initiation of the project.

Cause: The Town contracted with a third party to remove sludge from its sewer pond with the expectation that the project would not exceed \$250,000. Due to excessive sludge accumulation the total cost of the project was \$378,330.

Effect: The Town was not in compliance with Louisiana Public Bid Law.

Recommendation: In the future, the Town should exercise greater care in estimating the cost of public works projects prior to contracting for services and should follow all aspects of the Louisiana Public Bid Law for procurement.

Response: The Town concurs with this recommendation.

TOWN OF LAKE ARTHUR, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended July 31, 2023

2022-001 Segregation of Duties

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current status: This condition still exists; however, the Town has implemented supervision and review procedures where possible with the resources available. See Finding 2023-001.

2022-002 Financial Reporting

Condition: In our judgment, the Town's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable resources to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles and to detect and correct a material misstatement, if present.

Recommendation: In our judgement, due to the lack of resources available to management to correct this material weakness in financial reporting, we recommend management mitigate this weakness by having a heightened awareness of all transactions being reported.

Current status: This condition still exists; however, the Town has implemented recommended procedures where possible with the resources available. See Finding 2023-002.

TOWN OF LAKE ARTHUR, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
Year Ended July 31, 2023
(Continued)

2022-003 Late Filing of Audited Financial Statements

Condition: The July 31, 2022, audited financial statements were not filed with the Legislative Auditor's office within six months after the fiscal year ended as required by LSA-RS 24:514.

Recommendation: In the future, the Town should file audited financial statements in a timely manner, if possible.

Current status: This condition still exists. See Finding 2023-003.

PAGE LEFT BLANK INTENTIONALLY

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Town Council of the Town of Lake Arthur
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas of the Town of Lake Arthur identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period August 1, 2022 through July 31, 2023. The Entity's management is responsible for those C/C areas identified in the SAUPs.

The Town of Lake Arthur has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period August 1, 2022 through July 31, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

*i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.*

As of July 31, 2023, the Town did not have written policies and procedures that addressed this area. The Town follows the State's Revised Statutes for its procedures.

- 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.

No exceptions noted.

- iii. **Disbursements**, including processing, reviewing, and approving.

No exceptions noted.

- 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).

No exceptions noted.

- 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.

No exceptions noted.

- 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.

As of July 31, 2023, the Town did not have written policies and procedures that addressed this area.

- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- 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, and (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases).

As of July 31, 2023, the Town did not have written policies and procedures that addressed this area

- ix. Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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.

As of July 31, 2023, the Town did not have written policies and procedures that addressed this area

- x. Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

As of July 31, 2023, the Town did not have written policies and procedures that addressed this area

- 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.

As of July 31, 2023, the Town did not have written policies and procedures that addressed this area

- 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.

No exceptions noted.

2) Board or Finance Committee

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

No exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

No exceptions noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

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

No exceptions noted.

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 selected each 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).

One reconciliation not prepared within 2 months of the related statement closing date.

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

Five reconciliations did not include evidence that they were reviewed by a member of management or a board member who does not handle cash.

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

Reconciling items have not been researched.

4) Collections

- 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):

No exceptions noted.

- 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.

Employees share cash drawers.

- 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.

Employees responsible for collecting cash are also responsible for preparing/making bank deposits.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Employee responsible for collecting cash is also responsible for posting collection entries.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Employee responsible for reconciling cash collection to the general ledger is also responsible for collecting cash.

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

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). 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).

Four deposits not made within one day of receipt.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

5) *Non-Payroll Disbursements (excluding credit card purchases/payments, 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).

No exceptions noted.

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

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.

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.

Employee responsible for processing payments also mails the checks after they are signed.

- 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.

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

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- 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.

One disbursement with no 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

- 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.

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions noted.

7) Travel and Expense Reimbursement

- 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 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).

One reimbursement was not supported by documentation of business purpose.

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

One reimbursement was not approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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.

No exceptions noted.

- 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).

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 five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

No exceptions noted.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:

i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

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:

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, and 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 five randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management and:

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

One employee did not complete ethics training.

- 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:

No exceptions noted.

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

No exceptions noted.

11) Debt Service

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.

No exceptions noted.

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):

No exceptions noted.

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.

No misappropriations of assets during the fiscal period.

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

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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

- 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.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

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

No exceptions noted.

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 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.

Two employees did not complete one hour of sexual harassment training.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions noted.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements.

The report failed to disclose the noncompliance noted in step 14A.

- ii. Number of sexual harassment complaints received by the agency.

No exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred.

No exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action.

No exceptions noted.

- v. Amount of time it took to resolve each complaint.

No exceptions noted.

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

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

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

McElroy Quil & Beach

Lake Charles, Louisiana
February 27, 2024



TOWN OF LAKE ARTHUR

"NATURE'S BEAUTY SPOT"

MAYOR SAMPSON LEJEUNE

COUNCIL MEMBERS Ricky Monceaux, Corey Conner, Debbie Abshire-Sonnier, Duke Broussard, Mahlon Leblanc

CHIEF OF POLICE

JERED THOMAS

TOWN CLERK

MINDY MARCANTEL

TOWN ATTORNEY

RICHARD ARCENEUX

COURT MAGISTRATE

BENJAMIN CORMIER

January 22, 2024

McElroy, Quirk & Burch
PO Box 3070
Lake Charles, LA 70602-3070

In response to Written Policies and Procedures, The Town will develop written policies and procedures to address all categories and subcategories noted above.

In response to #3 A i Bank Reconciliations, Reconciliations will be completed in a more-timely manner.

In response to #3 A ii Bank Reconciliations, In the future, someone other than the Town Clerk will review the monthly bank reconciliations whenever feasible.

In response to #3 A iii Bank Reconciliations, When preparing the bank reconciliations, the Town Clerk will search for outstanding reconciling items more than 12 months and address those items as necessary.

In response to #4 B i Collections, The Town will implement procedures so that different employee collecting cash do not share cash drawers/registers.

In response to #4 B ii Collections, The Town will implement procedures so that different employees collect cash and prepare/make bank deposits.

In response to #4 B iii Collections, The Town will implement procedures so that different employees collect cash and post collection entries.

In response to #4 B iv Collections, The Town will implement procedures so that different employees reconcile cash collections and collect cash.

In response to #4 D iv Collections, The Town will make deposits within on business day of receipt.

In response to #5 B iv Non-Payroll Disbursements, The Town will have a person not related to the payment processing function mail the checks after they have been signed.

In response to #5 C ii Non-Payroll Disbursements, The Town will initial/date all disbursements.

In response to #7 A iii Travel and Expense Reimbursement, The Town will document the business purpose for all reimbursements.

In response to #7 A iv Travel and Expense Reimbursement, The Town Clerk or an individual will be assigned to review and approve any future travel reimbursements. The individual will notate their approval on future travel reimbursement requests for all employees.

In response to #10 A i Ethics, The Town will require all employees to complete one hour of ethics training each year in a timely manner.

In response to #14 A Prevention of Sexual Harassment, The Town will require all employees to complete one hour of sexual harassment training each year in a timely manner.

In response to #14 C i Prevention of Sexual Harassment, The Town will review the completeness and correctness of the sexual harassment report before posting.

Signature



Date

January 22, 2024

Title

Mayor Sampson Lejeune