

CITY OF CENTRAL, LOUISIANA

FINANCIAL STATEMENTS

June 30, 2023

CITY OF CENTRAL, LOUISIANA

TABLE OF CONTENTS

June 30, 2023

	<u>Exhibit</u>	<u>Page</u>
FINANCIAL SECTION		
Independent Auditors' Report		1
Management's Discussion and Analysis		5
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A	15
Statement of Activities	A-1	16
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	A-2	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	A-3	18
Statement of Revenues, Expenditures, and Changes in Fund Balance	A-4	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities	A-5	20
Notes to Financial Statements	A-6	21
Required Supplementary Information:		
Major Fund Budgetary Comparison Schedules:		
General Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B	45
Emergency Services, Drainage, and Local Road Improvement & Maintenance (ESDRIM) Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-1	46
Half Cent Sales Tax Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-2	47

TABLE OF CONTENTS (Continued)

	<u>Exhibit</u>	<u>Page</u>
MovEBR Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-3	48
Traffic Contribution Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-4	49
American Rescue Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	B-5	50
Schedule of Proportionate Share of Net Pension Liability	B-6	51
Schedule of Pension Contributions	B-7	52
Notes to Required Supplementary Information	B-8	53
Supplementary Information:		
Capital Outlay and Improvement Fund:		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual	C	56
Schedule of Compensation, Benefits and Other Payments to Agency Head	C-1	57
OTHER INDEPENDENT AUDITORS' REPORTS		
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 <i>Government Auditing Standards</i>		58
SCHEDULE OF FINDINGS AND QUESTIONED COSTS		60
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS		61

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of Central, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the **CITY OF CENTRAL, LOUISIANA (CITY)**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities and each major fund of the City, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Government Audit Guide*, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 City'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.

Auditors' 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 GAAS, the *Louisiana Government Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the *Louisiana Government Auditing Guide*, and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, major fund budgetary comparison information, schedule of proportionate share of net pension liability, schedule of pension contributions, and notes to the required supplementary information on pages 45 through 54 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 in the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actual, schedule of compensation, benefits, and other payments to agency head 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 Capital Outlay and Improvement Fund: schedule of revenue, expenditures, and changes in fund balance – budget (GAAP basis) and actual, schedule of compensation, benefits, and other payments to agency head are fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated December 14, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 14, 2023

CITY OF CENTRAL, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the City of Central's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities and currently known facts, and should be read in conjunction with the financial statements which begin on Exhibit A.

FINANCIAL HIGHLIGHTS

In 2023, the City's government-wide activities experienced an increase in revenues of 20% compared to the prior year, while expenses increased 49% from the prior year due to increases in public works related costs, specifically related to related to the hazard remediation, debris removal, and flood control procedures as a result of drainage assessments performed since Hurricane Ida. The increase in revenue is largely due to an increase in sales taxes, grants and investment earnings. Additionally, the City has a contract with a not-for-profit organization to provide administrative, financial, public works, code enforcement, permitting, and inspection services. In 2023, the cost of this contract was \$4.6 million, which represents 29% of total government-wide expenses. The City received sales tax and franchise tax of \$14.4 million and \$2.1 million, respectively, while charges for services generated \$806,000 in revenue in 2023. The City has put a focus on road, drainage, and infrastructure improvements in recent years. Furthermore, the City has maintained a logical and thoughtful alignment of City resources to community needs.

The major financial highlights for 2023 are as follows:

- Assets of the City's primary government exceeded its liabilities at the end of the year by \$71.4 million (net position). Net position includes \$41.8 million that may be used without restriction to meet the City's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by \$4.5 million during 2023.
- At year end, the City's governmental funds reported fund balances of \$62.8 million, an increase of approximately \$2.5 million. Fund balances with restrictions or commitments, are as follows:
 - Restricted:
 - Capital projects - \$22.2 million
 - Public works - \$138,000
 - Commitments:
 - Operational reserves - \$7.7 million
 - Emergency repairs and maintenance - \$12.9 million
 - Drainage repairs and maintenance - \$1.6 million
 - Road maintenance - \$868,000
 - Capital outlay and improvements - \$5.2 million

Significant aspects of the City's financial well-being, for the year ended June 30, 2023, are detailed throughout this analysis.

USING THIS ANNUAL REPORT

The City's financial statements focus on the government as a whole (government-wide) and on major individual funds. Both perspectives (government-wide and major funds) allow the reader to address relevant questions, broaden a basis for comparison from year to year and enhance the City's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 15 and 16) provide information about the activities of the City as a whole.

Fund financial statements start on page 17. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

The City's auditors have provided reasonable assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly stated, in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information and Other Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this financial report.

Reporting on the City as a Whole

The financial statements of the City as a whole begin on page 15. The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way to determine if the City is in better condition as a result of the year's financial results. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the City's net position and related changes. One can think of the City's net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources—as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of its financial health. One will need to consider other non-financial factors, such as changes in the City's sales tax base, to assess the overall health of the City.

The Statement of Net Position and the Statement of Activities consist of governmental activities.

Governmental activities - The City's basic services are reported here, including public safety, public works, highways and streets, health and welfare, and general administration. Sales taxes, grants and contributions, and franchise fees finance the majority of these activities.

At June 30, 2023, the City's net position was \$71.4 million, of which \$41.8 million is unrestricted. Restricted net position is normally reported separately to show legal constraints from debt covenants and/or enabling legislation that limits the City's ability to use that net position for day-to-day operations.

Our analysis below of the primary government focuses on the net position and change in net position of the City's governmental activities.

City of Central, Louisiana
Statement of Net Position
June 30, 2023 and 2022

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$73,008,820	\$65,761,239
Capital assets, net	7,228,495	5,957,629
Total assets	<u>80,237,315</u>	<u>71,718,868</u>
Deferred outflows of resources	<u>67,818</u>	<u>20,563</u>
Total assets and deferred outflows of resources	<u>\$80,305,133</u>	<u>\$71,739,431</u>
Current and other liabilities	\$ 8,778,777	\$ 4,765,665
Long-term debt and net pension liability	<u>119,185</u>	<u>103,950</u>
Total liabilities	<u>8,897,962</u>	<u>4,869,615</u>
Deferred inflows of resources	<u>26,911</u>	<u>42,967</u>
Total liabilities and deferred inflows of resources	<u>8,924,873</u>	<u>4,912,582</u>
Net position:		
Investment in capital assets	7,228,495	5,957,629
Restricted	22,320,377	18,326,943
Unrestricted	<u>41,831,388</u>	<u>42,542,277</u>
Total net position	<u>71,380,260</u>	<u>66,826,849</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$80,305,133</u>	<u>\$71,739,431</u>

Total net position of the City’s governmental activities increased by approximately \$4.5 million during the year ended June 30, 2023. Unrestricted net position decreased by \$711,000. Unrestricted net position represents the amount of the net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements. The changes in net position are discussed later in this analysis.

The results of the past two years’ operations for the primary government as a whole, as reported in the Statement of Activities, are as follows:

City of Central, Louisiana
Changes in Net Position
June 30, 2023 and 2022

	Governmental Activities	
	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 805,409	\$ 1,331,868
Operating grants and contributions	895,402	1,238,797
Capital grants and contributions	1,309,548	252,155
General revenues:		
Sales and use taxes	14,359,067	13,287,611
Franchise taxes	2,078,260	1,800,216
Investment earnings (losses)	921,708	(947,751)
Other	2,044	8,137
Total revenues	<u>20,371,438</u>	<u>16,971,033</u>
Functions/Program expenses:		
General government	1,103,443	1,183,457
Public works	13,055,440	8,176,442
Public safety	1,050,075	931,330
Health and welfare	122,275	125,320
Highways and streets	486,794	168,832
Interest on long-term debt	-	428
Total expenses	<u>15,818,027</u>	<u>10,585,809</u>
Increase in net position	4,553,411	6,385,224
Beginning net position	<u>66,826,849</u>	<u>60,441,625</u>
Ending net position	<u>\$71,380,260</u>	<u>\$66,826,849</u>

The increase in net position of \$4.5 million is primarily attributed to an increase in overall revenues related to intergovernmental grants and contributions, investment earnings and sales and use taxes. Expenditures for public works increased through the year and resulted in an increase in net position \$1.8 million less than the year ending June 30, 2022.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types.

Reporting the City's Most Significant Funds

The City's major funds begin on page 17 with the fund financial statements that provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by State law, and the City Council establishes other funds to control and manage financial resources for particular purposes or to meet legal responsibilities for using certain taxes, grants and other financing sources.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. All of the City's basic services are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation to the financial statements. The governmental major funds (Exhibits A-2 and A-4) presentation uses the modified accrual basis and focuses on the major funds of the City. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. The City has seven governmental funds, which are the General Fund, Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund (ESDRIM Fund), Half Cent Sales Tax Fund, MovEBR Fund, Traffic Contribution Fund, and American Rescue Fund special revenue funds, and the Capital Outlay and Improvement Fund.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-6.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the City’s major special revenue funds and General Fund, which can be found in Exhibits B through B-5.

Financial Analysis of the Governmental Funds

The general government operations of the City are accounted for in the General Fund, special revenue funds, and capital projects fund. The focus of these funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. The following is a summary of general governmental operations for 2023 by fund type:

	(in thousands)				
	2023				2022
	General Fund	Special Revenue Funds	Capital Projects Fund	Total	Total
Revenue	\$ 12,213	\$ 6,760	\$ 708	\$ 19,681	\$ 16,302
Expenditures	9,419	3,245	4,463	17,127	11,117
Other financing sources (uses)	(3,296)	(2,173)	5,469	-	4
Net change in fund balance	(502)	1,342	1,714	2,554	5,189
Beginning fund balance	20,252	27,193	12,833	60,278	55,089
Ending fund balance	<u>\$ 19,750</u>	<u>\$ 28,535</u>	<u>\$ 14,547</u>	<u>\$ 62,832</u>	<u>\$ 60,278</u>

The City’s governmental funds experienced an increase in fund balance of approximately \$2.5 million during 2023. At year end, fund balances were \$62.8 million, of which \$12.1 million is unassigned and available for utilization at the City’s discretion. The remaining fund balance has been restricted for capital projects (\$22.2 million) and public works (\$138,000) or committed (\$28.2 million) and assigned (\$242,000) where internal constraints have been established by the City. At June 30, 2023, the fund balance of the General Fund was \$19.7 million compared to the fund balance of \$20.2 million at June 30, 2022. The General Fund’s sales and use tax revenues continued to increase in 2023, while operating grants and contributions and investment income also increased. The General Fund’s overall expenditures increased by \$1.4 million in 2023.

In 2023, the Capital Outlay and Improvement Fund experienced an increase in fund balance of \$1.7 million. The Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund, Half Cent Sales Tax Fund, and MoveBR Fund transferred \$500,000, \$373,000, and \$3.8 million to the Capital Outlay and Improvement Fund, respectively. The General Fund transferred \$2.5 million to the Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund and \$795,750 to the Capital Projects Fund.

The City's other major funds are the ESDRIM, Half Cent Sales Tax, MovEBR, Traffic Contribution, and American Rescue special revenue type funds and the Capital Outlay and Improvement Fund, the City's only capital outlay type fund. The following is a summary of changes in fund balance by special revenue fund:

Fund	Fund Balance (in thousands)		
	Beginning	Net Change	Ending
ESDRIM	\$ 13,847	\$ 1,506	\$ 15,353
Half Cent Sales Tax	11,111	1,608	12,719
MovEBR	1,993	(1,910)	83
Traffic Contribution	242	-	242
American Rescue	-	138	138
Capital Outlay & Improvement	12,833	1,714	14,547
Total	\$ 40,026	\$ 3,056	\$ 43,082

Sources of governmental revenues, excluding transfers, are summarized below:

Source of Revenue	(in thousands)			
	2023		2022	
	Revenue	%	Revenue	%
Sales and use taxes	\$ 14,359	73	\$ 13,288	82
Franchise taxes	2,078	11	1,800	11
Charges for services	806	4	1,332	8
Intergovernmental grants and contributions	1,516	8	830	5
Investment, net and other income	922	4	(948)	(6)
Total	\$ 19,681	100	\$ 16,302	100

Revenues of the governmental funds increased by \$3.4 million. This increase is directly attributable to increases in all governmental revenue sources, except charges for services which decreased by \$525,000 during 2023 due to a reduction of building permits issued during 2022 as a result of rebuilding efforts after Hurricane Ida.

Governmental expenditures are summarized as follows:

Functions	(in thousands)			
	2023		2022	
	Expenditures	%	Expenditures	%
General government	\$ 1,080	6	\$ 910	8
Public works	13,055	76	8,177	74
Public safety	936	6	875	8
Health and welfare	123	1	125	1
Highway and streets	136	1	115	1
Debt service	-	-	12	-
Capital outlay	1,797	10	903	8
Total	\$ 17,127	100	\$ 11,117	100

Governmental expenditures increased by \$6 million, or 54%. This increase is primarily attributable to an increase in public works expenditures during 2023 related to drainage maintenance projects and road improvement projects, as previously noted.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the City’s General Fund operating budget was amended, which is a customary practice of the City, to reflect the changes that occur with financial related matters throughout the fiscal year. The most significant changes during 2023 were as follows:

- Increase in sales and use tax revenues by \$187,000,
- Increase in intergovernmental revenues by \$483,000,
- Increase in investment income of \$1,025,000,
- Decrease in general governmental expenditures of \$176,000,
- Increase in public works expenditures of \$432,000,
- Increase in public safety expenditures of \$290,000,
- Increase in capital outlay expenditures of \$204,000,
- Increase in transfers to other funds of \$3,295,800.

With these adjustments, the budgeted change in fund balance was \$1,234,000 less than the original budgeted change in fund balance of \$1,771,600.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the completion of the fiscal year ended June 30, 2023, the City had \$7.2 million invested in capital assets, net of accumulated depreciation of \$3.4 million, which was comprised of construction in progress, land, buildings, equipment, vehicles, and infrastructure.

	2023	2022
Construction in progress	\$ 1,536,234	\$ 1,131,399
Land	40,000	40,000
Buildings and improvements	115,317	127,121
Equipment	244,269	120,387
Vehicles	645,056	266,499
Infrastructure	4,651,983	4,272,223
Total assets, net of accumulated depreciation	\$ 7,232,859	\$ 5,957,629

The City elected to capitalize infrastructure assets, such as roads and bridges, on a prospective basis as a Phase 3 government, in accordance with GASB No. 34. As of June 30, 2023, the City has constructed \$8.4 million of infrastructure since inception. More detailed information about the City’s capital assets is presented in Note 5 to the financial statements.

Long-term Liabilities

As of June 30, 2023, the City’s long-term liabilities is comprised of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within one year
Net pension obligation	<u>\$103,950</u>	<u>\$ 15,235</u>	<u>\$ -</u>	<u>\$119,185</u>	<u>\$ -</u>

More detailed information about the City’s long-term liabilities is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS

The City’s elected and appointed officials considered many factors when setting the fiscal year 2023 budget and tax rates, including the national, state, and local economies. The General Fund’s revenue is budgeted to increase by 4% to \$13.1 million from the final 2023 budget for the 2024 fiscal year while expenditures are expected to increase by 25% to \$12.2 million. The City anticipates tax revenue to increase by \$733,000 and charges for services to increase by \$18,000. Police department expenditures are expected to increase by \$292,000. The City anticipates expenditures for City Operations and Services to increase by \$1.9 million. The Park and Recreation’s expenditures are expected to increase by \$250,000. The administration of the City has made it a priority to continue road improvements, infrastructure work, and to implement the Master Drainage Plan to help guide the City’s development with good, sound decisions.

Contacting the City’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City’s finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City’s Finance Office at (225)261-5988, www.centralgov.com or 13421 Hooper Road, Suite 8, Central, Louisiana, 70818.

CITY OF CENTRAL, LOUISIANA
BASIC FINANCIAL STATEMENTS

CITY OF CENTRAL, LOUISIANA
STATEMENT OF NET POSITION

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 31,590,442
Investments	36,937,771
Due from other governments	3,718,881
Accounts receivable, net	736,822
Prepaid and other assets	24,904
Capital assets:	
Nondepreciable	1,576,234
Depreciable, net	<u>5,652,261</u>
Total assets	<u>80,237,315</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension liability	<u>67,818</u>
Total assets and deferred outflows of resources	<u>\$ 80,305,133</u>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 1,076,236
Contracts payable	94,941
Unearned grant revenue	7,607,600
Long-term liabilities	
Net pension liability	<u>119,185</u>
Total liabilities	<u>8,897,962</u>
DEFERRED INFLOWS OF RESOURCES	
Pension liability	<u>26,911</u>
NET POSITION	
Investment in capital assets	7,228,495
Restricted for:	
Capital projects and maintenance	22,182,397
Public works	137,980
Unrestricted	<u>41,831,388</u>
Total net position	<u>71,380,260</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 80,305,133</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/Programs					
Governmental activities:					
General government	\$ 1,103,443	\$ 805,409	\$ -	\$ -	\$ (298,034)
Public works	13,055,440	-	882,082	813,800	(11,359,558)
Public safety - police	1,050,075	-	7,400	495,748	(546,927)
Health and welfare	122,275	-	-	-	(122,275)
Highways and streets	486,794	-	5,920	-	(480,874)
Total	\$ 15,818,027	\$ 805,409	\$ 895,402	\$ 1,309,548	(12,807,668)
 General revenues:					
Taxes:					
Sales and use					14,359,067
Franchise					2,078,260
Investment income, net of fees					921,708
Contributions not restricted to specific programs and miscellaneous revenues					2,044
Total general revenues					17,361,079
Increase in net position					4,553,411
Net position - beginning of year					66,826,849
Net position - end of year					\$ 71,380,260

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2023

	Special Revenue Funds							Total Governmental Funds
	General	ESDRIM	Half Cent Sales Tax	MovEBR	Traffic Contribution	American Rescue	Capital Outlay and Improvement	
ASSETS								
Cash and cash equivalents	\$ 4,024,441	\$ 2,593,513	\$ 2,539,363	\$ 2,000	\$ 241,587	\$ 7,705,396	\$ 14,484,142	\$ 31,590,442
Investments	14,516,750	12,586,192	9,834,829	-	-	-	-	36,937,771
Due from other governments	1,557,716	592,389	315,918	340,785	-	-	912,073	3,718,881
Accounts receivable, net	167,560	442,944	33,867	964	-	32,033	59,454	736,822
Due from other funds	260,628	-	-	-	-	-	-	260,628
Prepaid and other assets	24,904	-	-	-	-	-	-	24,904
	<u>\$ 20,551,999</u>	<u>\$ 16,215,038</u>	<u>\$ 12,723,977</u>	<u>\$ 343,749</u>	<u>\$ 241,587</u>	<u>\$ 7,737,429</u>	<u>\$ 15,455,669</u>	<u>\$ 73,269,448</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 789,068	\$ 269,627	\$ 5,152	\$ 1	\$ -	\$ 4,099	\$ -	\$ 1,067,947
Contracts payable	-	-	-	-	-	-	94,941	94,941
Unearned grant revenue	12,250	-	-	-	-	7,595,350	-	7,607,600
Due to other funds	-	-	-	260,628	-	-	-	260,628
	<u>801,318</u>	<u>269,627</u>	<u>5,152</u>	<u>260,629</u>	<u>-</u>	<u>7,599,449</u>	<u>94,941</u>	<u>9,031,116</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues	-	592,389	-	-	-	-	813,800	1,406,189
FUND BALANCE								
Nonspendable	24,904	-	-	-	-	-	-	24,904
Restricted for:								
Capital projects and maintenance	-	-	12,718,825	83,120	-	-	9,380,452	22,182,397
Public works	-	-	-	-	-	137,980	-	137,980
Committed	7,664,077	15,353,022	-	-	-	-	5,166,476	28,183,575
Assigned	-	-	-	-	241,587	-	-	241,587
Unassigned	12,061,700	-	-	-	-	-	-	12,061,700
	<u>19,750,681</u>	<u>15,353,022</u>	<u>12,718,825</u>	<u>83,120</u>	<u>241,587</u>	<u>137,980</u>	<u>14,546,928</u>	<u>62,832,143</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 20,551,999</u>	<u>\$ 16,215,038</u>	<u>\$ 12,723,977</u>	<u>\$ 343,749</u>	<u>\$ 241,587</u>	<u>\$ 7,737,429</u>	<u>\$ 15,455,669</u>	<u>\$ 73,269,448</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2023

Total net position reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds (Exhibit A-2)		\$	62,832,143
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.			7,228,495
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Accrued compensated absences			(8,289)
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures.			
Operating grants and contributions	592,389		
Capital grants and contributions	813,800		
			1,406,189
Pension related obligations that are not due and payable with current resources and, therefore, are not reported in governmental funds.			
Deferred outflows related to pension liability	67,818		
Net pension liability	(119,185)		
Deferred inflows related to pension liability	(26,911)		
			(78,278)
Net position of governmental activities (Exhibit A)		\$	71,380,260

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the year ended June 30, 2023

	Special Revenue Funds						Total Governmental Funds	
	General	ESDRIM	Half Cent Sales Tax	MovEBR	Traffic Contribution	American Rescue		Capital Outlay and Improvement
REVENUES								
Taxes:								
Sales and use	\$ 10,633,961	\$ -	\$ 1,862,955	\$ 1,862,151	\$ -	\$ -	\$ -	\$ 14,359,067
Franchise	-	2,078,260	-	-	-	-	-	2,078,260
Charges for services	805,409	-	-	-	-	-	-	805,409
Intergovernmental grants and contributions	503,148	456,229	2,999	2,921	-	12,917	538,109	1,516,323
Investment income, net of fees	270,637	177,758	134,597	36,623	-	132,808	169,285	921,708
Total revenues	<u>12,213,155</u>	<u>2,712,247</u>	<u>2,000,551</u>	<u>1,901,695</u>	<u>-</u>	<u>145,725</u>	<u>707,394</u>	<u>19,680,767</u>
EXPENDITURES								
Current function:								
General government	1,079,803	-	-	-	-	-	-	1,079,803
Public works	6,513,775	3,206,442	-	-	-	7,745	3,327,478	13,055,440
Public safety - police	936,162	-	-	-	-	-	-	936,162
Health and welfare	122,275	-	-	-	-	-	-	122,275
Highways and streets	105,649	-	19,237	11,406	-	-	-	136,292
Capital outlay	661,566	-	-	-	-	-	1,135,098	1,796,664
Total expenditures	<u>9,419,230</u>	<u>3,206,442</u>	<u>19,237</u>	<u>11,406</u>	<u>-</u>	<u>7,745</u>	<u>4,462,576</u>	<u>17,126,636</u>
Excess (deficiency) of revenues over expenditures	2,793,925	(494,195)	1,981,314	1,890,289	-	137,980	(3,755,182)	2,554,131
OTHER FINANCING SOURCES (USES)								
Transfers in	-	2,500,000	-	-	-	-	5,469,065	7,969,065
Transfers out	(3,295,750)	(500,000)	(373,315)	(3,800,000)	-	-	-	(7,969,065)
Total other financing sources (uses)	<u>(3,295,750)</u>	<u>2,000,000</u>	<u>(373,315)</u>	<u>(3,800,000)</u>	<u>-</u>	<u>-</u>	<u>5,469,065</u>	<u>-</u>
Net change in fund balance	(501,825)	1,505,805	1,607,999	(1,909,711)	-	137,980	1,713,883	2,554,131
FUND BALANCE								
Beginning of year	20,252,506	13,847,217	11,110,826	1,992,831	241,587	-	12,833,045	60,278,012
End of year	<u>\$ 19,750,681</u>	<u>\$ 15,353,022</u>	<u>\$ 12,718,825</u>	<u>\$ 83,120</u>	<u>\$ 241,587</u>	<u>\$ 137,980</u>	<u>\$ 14,546,928</u>	<u>\$ 62,832,143</u>

The accompanying notes to financial statements
are an integral part of this statement.

CITY OF CENTRAL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balance - total governmental fund (Exhibit A-4)	\$	2,554,131
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.</p>		
Capital outlay	\$ 1,796,664	
Depreciation expense	<u>(525,798)</u>	1,270,866
<p>Revenues that are not available to pay current obligations are not reported in the fund financial statements, but they are presented as revenues in the statement of activities.</p>		
Unavailable revenue - operating grants and contributions	592,389	
Unavailable revenue - capital grants and contributions	<u>813,800</u>	1,406,189
<p>Revenues that are available to pay current obligations are not reported in the fund financial statements, but they were presented as revenues in the statement of activities in prior years.</p>		
Unavailable revenue - operating grants		(717,562)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Net change in compensated absences payable		(8,289)
<p>Changes in net pension liability is reported only in the Statement of Activities.</p>		
		<u>48,076</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u><u>4,553,411</u></u>

CITY OF CENTRAL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Central (City) was established on July 11, 2005 and is a political subdivision of the State of Louisiana. The City, under the provisions of the Lawrason Act, enacts ordinances, sets policy and establishes programs in such fields as public safety, public works, health and welfare, and highways and streets.

Statement Presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The significant accounting policies established in GAAP and used by the City are described below.

Reporting Entity

As the municipal governing authority, for reporting purposes, the City is considered a financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The criteria for determining which component units should be considered part of the City for financial reporting purposes are as follows:

1. Appointing a voting majority of an organization's governing body and,
 - a. The ability of the City to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but which are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the Organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the City; there are no component units to be reported in the City's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The City's basic financial statements consist of the government-wide statements of the primary government (the City) and the fund financial statements (individual major funds and combined non-major funds). The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities for all non-fiduciary activities of the City. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. *Governmental activities* generally are financed through taxes, intergovernmental revenues, investment income, and other nonexchange revenues.

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

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund types are summarized into a single column in the basic financial statements. The City does not have any non-major funds or business-type categories.

The daily operations of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City does not have any proprietary or fiduciary funds.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

A fund is considered major if it is the primary operating fund of the City (the General Fund) or meets the following criteria:

- Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expense of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

If a fund does not meet the criteria above, it is classified as a nonmajor fund according to governmental reporting standards. The City may elect to report a nonmajor fund as a major fund in the financial statements based on the nature of fund operations or if the City considers the fund to be an integral component to its operations.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the City are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income. The following are the governmental fund types of the City:

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

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted, committed, or assigned to expenditures for specified purposes. All special revenue funds that are considered major funds are the Emergency Services, Drainage, and Local Road Improvement & Maintenance Fund (ESDRIM Fund), the Half Cent Sales Tax Fund, the MovEBR Fund, the Traffic Contribution Fund, and the American Rescue Fund. The ESDRIM Fund and the Half Cent Sales Tax Fund account for the collection of franchise tax and restricted sales tax, respectively. The MovEBR Fund accounts for collection of restricted sales tax for the improvement of roads within the City. The Traffic Contribution Fund accounts for fees charged to local developers that are assigned to assist with traffic related matters impacted by their developments. The American Rescue Fund accounts for funds received by the City in response to hardship faced by the COVID-19 pandemic.

Capital Outlay and Improvement Fund - The Capital Outlay and Improvement Fund is used to account for the acquisition or construction of facilities and infrastructure. The Capital Outlay and Improvement Fund is considered a major fund.

Basis of Accounting and Measurement Focus

Government-wide financial statements

The government-wide financial statements are reported 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 the related cash flows. Program revenues for governmental activities include operating and capital grants, and licenses and permits.

Fund financial statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services and other revenues are recorded as earned since they are measurable and available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Fund financial statements (Continued)

Nonexchange transactions, in which the City receives value without directly giving value in return, include sales and use tax, franchise tax, and intergovernmental grants. Sales taxes and franchise taxes are recorded when in possession of the intermediary collecting agent and are recognized as revenue at that time and subject to the availability criteria. Intergovernmental grants are recorded as revenue when the City is entitled to the funds, generally corresponding to when grant related costs are incurred by the City, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash, Cash Equivalents, and Investments

A consolidated bank account has been established into which substantially all monies are deposited and from which most disbursements are made. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The accounts entitled “Cash and cash equivalents” are therefore composed of a fund’s pro rata share of the cash balance in the consolidated cash account.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investment policy of the City is governed by state statutes that include depository and custodial contract provisions. The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, corporate stocks, and fully collateralized interest-bearing checking accounts and certificates of deposit.

Other provisions require depositories to insure or collateralize all deposits in accordance with state statutory law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement. The City primarily invests idle funds in governmental obligations and commercial paper.

Investments are stated at fair value. Unrealized gains and losses on investments recorded at fair value are included in investment income or losses.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Due from Other Governments

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts due for receivables and due from other governments are recognized as bad debts through the use of an allowance account or expensed at the time information becomes available indicating that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. Due from other governments amounts related to grants are estimates, and actual results may differ from those estimates. An allowance for doubtful accounts of \$59,370 was recorded at June 30, 2023.

Leased Asset Receivable

Leased asset receivables are a result of leases in which the City has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the City as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government-wide financial statements at present value of the lease payments to be received during the lease term. Additionally, the City would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of the agreement entered into in which the City is the lessor are retained as capital assets of the City and are reported in the government-wide financial statements as described under Capital Assets. The City has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above during the year ended June 30, 2023.

Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. There was \$260,628 in interfund receivables and payables as of June 30, 2023.

Interfund Transfers

Advances between funds which are not expected to be repaid are accounted for as transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows and Inflows of Resources

Government-wide Statements

In addition to assets in the government-wide financial statements, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until then. The City has one item that qualifies for this category, which is deferred outflows of resources related to pension liability and is reported in the government-wide statements.

In addition to liabilities in the government-wide financial statements, the Statement of Net Position may report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) at that time. The City has one item that qualifies for this category, which is deferred inflows of resources related to pension liability and is reported in the government-wide statements.

Fund Financial Statements

In the fund financial statements, unavailable revenues are accounted as deferred inflows of resources. This item is reported only in the governmental funds balance sheet. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, long-term assets are accounted for as capital assets, which include land, buildings and improvements, equipment, vehicles and infrastructure assets (streets, roads, bridges and drainage systems). All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation and primarily relate to public safety equipment and vehicles. The City's capitalization policy stipulates a capitalization threshold of \$2,500.

The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are expensed. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method of depreciation over the asset's estimated useful life, as follows:

Buildings & improvements	5-7 years
Equipment	3-10 years
Vehicles	5 years
Infrastructure	10-20 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are recorded as capital outlay expenditures of the governmental fund types when purchased.

Right-of-Use Assets

Right-of-use assets are a result of leases in which the City has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. Right-of-use assets are amortized at the lesser of the useful life or lease term. The City has not entered into any agreements gaining control of the right to use a lessor's nonfinancial assets as described above at June 30, 2023.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. SBITAs are amortized during the extent of the agreement. The City has not entered into any agreements gaining control of the right to use another party's information technology as described above during the year ended June 30, 2023.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

The full time employees of the City accrue four to five and a half hours of vacation leave, depending on length of service, for each two-week pay period worked for a total of 104 to 144 hours per year, respectively. Vacation is payable for up to 240 hours upon resignation, termination or retirement at the employee's current rate of pay. As of June 30, 2023, accrued compensated absences was \$8,289.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) and additions to/deductions from the MERS fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets—consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance the acquisition of those assets.
- Restricted net position—consists of net position that is restricted by the City's creditors (for example, through debt covenants), by state or local enabling legislation (through restrictions on shared revenues or taxes), by grantors, and by other contributors.
- Unrestricted—all other net position is reported in this category.

In the government-wide net position, restricted resources available for use will be depleted prior to use of unrestricted resources.

Governmental Fund Balances

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

- Nonspendable—Amounts that cannot be spent either because they are nonspendable in form or because they are legally or contractually required to be maintained intact.
- Restricted—Amounts that can be spent only for specific purposes because of the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance. This designation includes the Budget Reserve Account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balances (Continued)

- Assigned—Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by City Council.
- Unassigned—All amounts not included in other spendable classifications.

Use of Restricted Resources

When expenditures are incurred in governmental funds, the City's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

Fund balance represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The General Fund is the only fund that reports a positive unassigned fund balance, although other governmental funds may report a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned.

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget.

The General Fund annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent period. Such designation represents the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of the government-wide financial statements during the reporting period.

Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts, depreciation, valuation of investments, grant receivables (due from other governments) and related unearned grant revenue, deferred outflows and inflows, and net pension liability.

Current Accounting Standards Implemented

During the year, the City implemented policies established under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset, or an intangible asset, and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. There was no impact from implementing this standard in the City's financial statements.

Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 14, 2023, which was the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2023, the carrying amount of the City's deposits totaled \$31,590,142 and the related bank balances were \$31,700,199. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. Additionally, state law requires that deposits be fully secured. At June 30, 2023, the City's deposits were not exposed to any custodial risk.

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The above stated bank balances for the City are collateralized as follows:

	Amount
Category 1 - Amount insured by the FDIC	\$ 250,000
Category 2 - Amount collateralized with securities held by pledging financial institution's trust department in the City's name	4,049,859
Balances not subject to categorization:	
Investments in U.S. securities	27,400,340
 Total bank balances	 \$ 31,700,199

Investments

Credit Risk

The City is authorized by LA RS 39:1211-1245 and 33:2955 to invest temporarily idle monies in United States bonds, treasury notes, commercial paper, certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments, or any other investment allowed by state statute for local governments. As of June 30, 2023, the City's investments were rated AAA by Moddy's Investors Service and AAA by Standard & Poor's.

Concentration of Credit Risk

The City's investment policy does not limit the amount the City may invest in any one issuer. More than 5% of the City's investments are in treasuries issued by the United States. These investments are 60% of total investments as of June 30, 2023.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. The City's investment policy does not limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

(Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

As of June 30, 2023, the City had the following investments and maturities:

Investment Type	Fair Value	Less Than 1 Year	1-5 Years	Over 5 years
General Fund:				
U.S. Treasuries	\$ 8,103,417	\$ 6,240,646	\$ 1,862,771	\$ -
Municipal Bonds	4,010,227	-	4,010,227	-
Mortgage backed securities	1,212,505	-	-	1,212,505
U.S. Agencies	932,953	-	932,953	-
Corporate bonds	257,648	-	257,648	-
ESIDRM Fund:				
U.S. Treasuries	8,165,758	5,943,300	2,222,458	-
Municipal Bonds	2,289,731	-	2,289,731	-
Mortgage backed securities	804,205	-	-	804,205
U.S. Agencies	900,697	-	900,697	-
Corporate bonds	425,801	-	425,801	-
Half Cent Sales Tax Fund:				
U.S. Treasuries	6,016,553	3,962,315	2,054,238	-
Municipal Bonds	1,924,623	-	1,924,623	-
Mortgage backed securities	800,650	-	-	800,650
U.S. Agencies	572,605	-	572,605	-
Corporate bonds	520,398	-	520,398	-
Total Investments	<u>\$36,937,771</u>	<u>\$ 16,146,261</u>	<u>\$17,974,150</u>	<u>\$2,817,360</u>

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 were as follows:

	<u>Amount</u>
Franchise fees	\$ 407,785
Interest from investments	198,396
Code enforcement fees, net	84,942
Insurance licenses	24,711
Building permits	9,096
Other	<u>11,892</u>
Total primary government	<u>\$ 736,822</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2023 consisted of the following:

	Amount
Sales and use tax	\$ 1,966,790
Grants	1,623,682
Contract reimbursement	128,409
Total primary government	\$ 3,718,881

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	1,131,399	1,135,097	730,262	1,536,234
Total capital assets not being depreciated	1,171,399	1,135,097	730,262	1,576,234
Capital assets being depreciated				
Buildings and improvements	236,229	-	-	236,229
Equipment	595,342	195,365	-	790,707
Vehicles	694,668	466,202	-	1,160,870
Infrastructure	6,091,032	730,262	-	6,821,294
Total capital assets being depreciated	7,617,271	1,391,829	-	9,009,100
Total capital assets	8,788,670	2,526,926	730,262	10,585,334
Less accumulated depreciation for:				
Buildings and improvements	109,108	11,804	-	120,912
Equipment	474,955	60,659	-	535,614
Vehicles	428,169	102,833	-	531,002
Infrastructure	1,818,809	350,502	-	2,169,311
Total accumulated depreciation	2,831,041	525,798	-	3,356,839
Depreciable capital assets, net	4,786,230	866,031	-	5,652,261
Total capital assets, net	\$5,957,629	\$2,001,128	\$ 730,262	\$7,228,495

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Depreciation expense for the year ended June 30, 2023 charged to general government, public safety, and highways and streets functions was \$61,383, \$113,913, and \$350,502 respectively.

NOTE 6 - CONTINGENCIES

Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or the past three years.

Contract Commitments

As of June 30, 2023, the City had an outstanding commitment from engineering and construction contracts in progress of approximately \$1,250,200.

Grants

The City receives federal, state, and local grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of City management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS

Animal Control Services Agreement

The City has a contractual arrangement whereby the Parish agrees to provide the services of the Parish's Animal Control Department to the City based on an annual fee. For the 2023 calendar year, the City will pay the Parish \$118,560 annually, or \$9,880 per month.

City Operations Services Agreement

Additionally, the City entered into an agreement with Institute for Building Technology and Safety (IBTS) to provide management and operational services for City operations. In June 2023, the City renewed the IBTS contract for an additional five years ending June 30, 2028. In consideration for the service provided by IBTS under this contract, the City will pay a base compensation for the year ending June 30, 2024, of \$6,505,000. For the remaining four years of the contract, IBTS will escalate fees in accordance with the current CPI-U. IBTS will submit a memo of record prior to the next fiscal year with the revised annual amount.

NOTE 7 - INTERGOVERNMENTAL AGREEMENTS (CONTINUED)

Under the renewed contract, the City will compensate IBTS 100% of building permit fees for completed permits up to \$200,000 in a given year. If permit fees collected in a given year are greater than \$200,000, IBTS will refund the City 10% of the permit fees collected. Additionally, the City will pay drainage maintenance fees of \$33,854 and \$25,971 per mile for excavation and cleaning, respectively.

NOTE 8 - PENSION PLAN

Substantially all employees of the City can elect to be members of the Municipal Employees' Retirement System of Louisiana ("System"), Plan A, a cost sharing, multiple-employer defined benefit pension plan administered by a board of trustees.

Plan Description

Pertinent information relative to the plan is as follows:

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the Plan's year ended June 30, 2022, there were 88 contributing municipalities in Plan A.

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2022. Access to the report can be found on System's website, www.mersla.com, or the Louisiana Legislative Auditor's website, www.la.gov.

Funding Policy

Plan members are required by state statute to contribute 10.00 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 29.50 percent of annual payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contribution to the System under Plan A for the years ended June 30, 2023, 2022 and 2021 was \$46,691, \$16,225, and \$21,455, respectively.

NOTE 8 - PENSION PLAN (CONTINUED)

Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources

At June 30, 2023, the City reported a net pension liability of \$119,185 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Based on the actuarial valuation as of June 30, 2022, the City's proportion was 0.0287%, which was a decrease from its proportion of 0.0087% measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension benefit of \$46,032.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 457
Changes of assumptions	1,156	-
Net difference between projected and actual earnings on pension plan investments	19,831	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	26,454
Differences between allocated and actual contributions	140	-
Employer contributions subsequent to the measurement date	46,691	-
	\$ 67,818	\$ 26,911

The City reported \$46,691 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

(Continued)

NOTE 8 - PENSION PLAN (CONTINUED)

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources
(Continued)**

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	MERS
2023	\$ (10,870)
2024	(6,323)
2025	1,898
2026	9,511
	\$ (5,784)

Actuarial Assumptions

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Services Lives	3 years
Investment Rate of Return	6.85% net of investment expense, including inflation
Inflation Rate	2.50%
Mortality	<p>PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.</p> <p>PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.</p>

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Salary Increases	1 to 4 years of service-	6.40%
	More than 4 years of service-	4.50%
Cost of Living Adjustments	The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period July 2013 through June 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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 adjusting for the effect of rebalancing/diversification.

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in system target asset allocations as of June 30, 2022.

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	MERS		MERS	
Public Equity		53%		2.31%
Public Fixed Income		38%		1.65%
Alternatives		9%		0.39%
Total		100%		4.35%
Inflation				2.60%
Expected Arithmetic Nominal Return				6.95%

Discount Rate

The discount rate used to measure the total pension liability 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 the Board of Trustees and PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the employer's proportionate share of the net pension liability using the discount rate of 6.85%, as well as the employer's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by MERS:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Discount Rates	5.85%	6.85%	7.85%
Share of Net Pension Liability \$	\$ 158,540	\$ 119,185	\$ 85,932

NOTE 9 - NET POSITION AND GOVERNMENTAL FUND BALANCES

Restricted Net Position and Fund Balance

Details of restricted net position and governmental fund balance as reported in the government-wide statement of net position and governmental funds' balance sheets, are as follows:

	Amount
Net assets/fund balance restricted for:	
Capital projects and maintenance:	
Restricted sales tax for construction	\$ 18,295,529
Restricted sales tax for rehabilitation	3,137,239
Restricted sales tax for beautification	497,224
Restricted for capital projects	169,285
MovEBR:	
Restricted sales tax for roads, drainage, and community enhancement projects	83,120
Total capital projects and maintenance	22,182,397
American Rescue:	
Restricted for public works	137,980
Total restricted net position/fund balance	\$ 22,320,377

Committed Fund Balance

Details of committed fund balance as reported in the governmental funds' balance sheets are as follows:

	Amount
Fund balance committed for:	
Operating reserve	\$ 7,664,077
Emergency, repairs and maintenance:	
Dedicated franchise tax for emergency	12,901,953
Dedicated franchise tax for drainage	1,583,440
Dedicated franchise tax for road maintenance	867,629
Capital outlay and improvements	5,166,476
Total committed fund balance	\$ 28,183,575

Per City ordinance, an operating reserve shall be maintained in the amount equal to 100% of the City's prior fiscal year General Fund operating expenditures. In the event the operating reserve fall below the minimum requirements set forth in said ordinance, a minimum of 15% of the General Fund operating expenses of the City's prior fiscal year shall be transferred to the operating reserve committed fund balance for each subsequent year until the minimum requirements set forth in said ordinance are met.

NOTE 10 - COUNCIL MEMBER COMPENSATION

During the year ended June 30, 2023, Council members received compensation, including per diem payments, as follows:

<u>Council Members - term beginning January 1, 2020</u>	<u>Amount</u>
Darren "Wade" Evans	\$ 4,800
Mark "Dave" Freneaux	4,800
Timothy "Tim" Lazarone	4,800
Aaron McKinney	4,800
Briton J. Myer	4,800
Joshua D. Roy	4,800
Despo "D'Ann" Wells	4,800
Total	<u>\$ 33,600</u>
<u>Council Members - term beginning January 1, 2023</u>	<u>Amount</u>
Kim Fralick	\$ 4,800
Jack "J.D." Lavergne III	4,800
Timothy "Tim" Lazaroe	4,800
Aaron McKinney	4,800
Briton J. Myer	4,800
Joshua D. Roy	4,800
Despo "D'Ann" Wells	4,800
Total	<u>\$ 33,600</u>

(Continued)

NOTE 11 - INTERFUND TRANSFERS

The interfund transfers of the primary government at June 30, 2023 were as follows:

Individual Fund	Transfer In	Transfers Out
Primary government activities:		
General Fund:		
ESDRIM Fund	\$ -	\$ 2,500,000
Capital Outlay and Improvement Fund	-	795,750
Total General Fund	-	3,295,750
ESDRIM Fund:		
General Fund	2,500,000	-
Capital Outlay and Improvement Fund	-	500,000
Total ESDRIM Fund	2,500,000	500,000
Half Cent Sales Tax Fund:		
Capital Outlay and Improvement Fund	-	373,315
MovEBR Fund:		
Capital Outlay and Improvement Fund	-	3,800,000
Capital Outlay and Improvement Fund:		
General Fund	795,750	-
ESDRIM Fund	500,000	-
Half Cent Sales Tax Fund	373,315	-
MovEBR Fund	3,800,000	-
Total Capital Outlay and Improvement Fund	5,469,065	-
Total primary government	\$ 7,969,065	\$ 7,969,065

NOTE 12 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures Exceeding Appropriations

Excess of expenditures over appropriations in functions within the fund occurred as follows:

	Original Budget	Final Budget	Actual	Excess over Final Budget
General Fund:				
Capital outlay	\$ 202,900	\$ 406,950	\$ 661,566	\$ (254,616)

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CENTRAL, LOUISIANA
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Sales and use taxes	\$ 10,593,670	\$ 10,780,548	\$ 10,633,961	\$ (146,587)
Charges for services	833,095	837,051	805,409	(31,642)
Intergovernmental grants and contributions	24,172	507,400	503,148	(4,252)
Investment income (loss), net of fees	<u>(564,500)</u>	<u>458,902</u>	<u>270,637</u>	<u>(188,265)</u>
Total revenues	<u>10,886,437</u>	<u>12,583,901</u>	<u>12,213,155</u>	<u>(370,746)</u>
EXPENDITURES				
Current function:				
General government	1,294,244	1,118,156	1,079,803	38,353
Public works	6,349,794	6,782,062	6,513,775	268,287
Public safety - police	961,885	1,252,852	936,162	316,690
Highways and streets	180,000	143,300	105,649	37,651
Health and welfare	125,990	122,300	122,275	25
Capital outlay	<u>202,900</u>	<u>406,950</u>	<u>661,566</u>	<u>(254,616)</u>
Total expenditures	<u>9,114,813</u>	<u>9,825,620</u>	<u>9,419,230</u>	<u>406,390</u>
Excess of revenues over expenditures	1,771,624	2,758,281	2,793,925	35,644
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>(3,295,807)</u>	<u>(3,295,750)</u>	<u>57</u>
Net change in fund balance	<u>\$ 1,771,624</u>	<u>\$ (537,526)</u>	<u>(501,825)</u>	<u>\$ 35,701</u>
FUND BALANCE				
Beginning of year			<u>20,252,506</u>	
End of year			<u>\$ 19,750,681</u>	

CITY OF CENTRAL, LOUISIANA
ESDRIM FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Franchise taxes	\$ 1,715,794	\$ 2,116,200	\$ 2,078,260	\$ (37,940)
Intergovernmental grants and contributions	-	6,577	456,229	449,652
Investment income (loss), net of fees	(458,900)	324,720	177,758	(146,962)
Total revenues	<u>1,256,894</u>	<u>2,447,497</u>	<u>2,712,247</u>	<u>264,750</u>
EXPENDITURES				
Current function:				
Public works	<u>2,400,000</u>	<u>3,247,309</u>	<u>3,206,442</u>	<u>40,867</u>
Deficiency of revenues over expenditures	(1,143,106)	(799,812)	(494,195)	305,617
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,500,000	2,500,000	-
Transfers out	(300,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	<u>(300,000)</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ (1,443,106)</u>	<u>\$ 1,200,188</u>	1,505,805	<u>\$ 305,617</u>
FUND BALANCE				
Beginning of year			<u>13,847,217</u>	
End of year			<u>\$ 15,353,022</u>	

CITY OF CENTRAL, LOUISIANA
HALF CENT SALES TAX FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Sales and use taxes	\$ 1,903,855	\$ 1,771,480	\$ 1,862,955	\$ 91,475
Intergovernmental grants and contributions	-	2,045	2,999	2,999
Investment income (loss), net of fees	<u>(397,285)</u>	<u>245,360</u>	<u>134,597</u>	<u>(110,763)</u>
Total revenues	<u>1,506,570</u>	<u>2,018,885</u>	<u>2,000,551</u>	<u>(16,289)</u>
EXPENDITURES				
Current function:				
Highways and streets	<u>29,498</u>	<u>24,200</u>	<u>19,237</u>	<u>4,963</u>
Excess of revenues over expenditures	1,477,072	1,994,685	1,981,314	(11,326)
OTHER FINANCING USES				
Transfers out	<u>(433,129)</u>	<u>(373,500)</u>	<u>(373,315)</u>	<u>185</u>
Net change in fund balance	<u>\$ 1,043,943</u>	<u>\$ 1,621,185</u>	1,607,999	<u>\$ (11,141)</u>
FUND BALANCE				
Beginning of year			<u>11,110,826</u>	
End of year			<u>\$ 12,718,825</u>	

**CITY OF CENTRAL, LOUISIANA
MOVEBR FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Sales and use taxes	\$ 1,887,587	\$ 1,795,965	\$ 1,862,151	\$ 66,186
Intergovernmental grants and contributions	-	-	2,921	2,921
Investment income, net of fees	-	42,890	36,623	(6,267)
Total revenues	1,887,587	1,838,855	1,901,695	62,840
EXPENDITURES				
Current function:				
Highways and streets	18,779	11,500	11,406	94
Excess of revenues over expenditures	1,868,808	1,827,355	1,890,289	62,934
OTHER FINANCING USES				
Transfers out	(900,000)	(3,800,000)	(3,800,000)	-
Net change in fund balance	\$ 968,808	\$ (1,972,645)	(1,909,711)	\$ 62,934
FUND BALANCE				
Beginning of year			1,992,831	
End of year			\$ 83,120	

**CITY OF CENTRAL, LOUISIANA
TRAFFIC CONTRIBUTION FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Charges for services	\$ 7,000	\$ -	\$ -	\$ -
EXPENDITURES				
Current function:				
Highways and streets	10,000	-	-	-
Net change in fund balance	\$ (3,000)	\$ -	-	\$ -
FUND BALANCE				
Beginning of year			241,587	
End of year			\$ 241,587	

**CITY OF CENTRAL, LOUISIANA
AMERICAN RESCUE FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
REVENUES				
Intergovernmental grants	\$ 1,260,000	\$ 7,995	\$ 12,917	\$ 4,922
Investment income, net of fees	-	122,500	132,808	10,308
Total revenues	<u>1,260,000</u>	<u>130,495</u>	<u>145,725</u>	<u>15,230</u>
EXPENDITURES				
Current function:				
Public works	<u>885,000</u>	<u>7,995</u>	<u>7,745</u>	<u>250</u>
OTHER FINANCING USES				
Transfers out	<u>(375,000)</u>	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 122,500</u>	137,980	<u>\$ 14,980</u>
FUND BALANCE				
Beginning of year			-	
End of year			<u>\$ 137,980</u>	

CITY OF CENTRAL, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE
OF NET PENSION LIABILITY

LAST TEN FISCAL YEARS (1) (2)

For the year ended June 30, 2023

Municipal Employees' Retirement System (MERS):

As of the plan year ended (2):	<u>2023</u>	<u>2022</u>	<u>2021</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.0287%	0.0374%	0.0422%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 119,185	\$ 103,950	\$ 182,655
Employer's Covered-Employee Payroll	55,000	72,730	81,025
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	217%	143%	225%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79%	78%	65%
As of the plan year ended (2):	<u>2020</u>	<u>2019</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.0422%	0.0448%	0.0447%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 176,448	\$ 185,469	\$ 186,970
Employer's Covered-Employee Payroll	78,230	81,776	81,164
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	226%	227%	230%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65%	64%	63%
As of the plan year ended (2):	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.0491%	0.0822%	0.0035%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 201,251	\$ 293,692	\$ 89,646
Employer's Covered-Employee Payroll	87,712	136,065	77,994
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	229%	216%	115%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63%	66%	74%

(1) Schedule is intended to show information for 10 years. Additional years will be presented as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

**CITY OF CENTRAL, LOUISIANA
SCHEDULE OF PENSION CONTRIBUTIONS**

LAST TEN FISCAL YEARS (1)

For the year ended June 30, 2023

Municipal Employees' Retirement System (MERS):

<u>As of the fiscal year ended</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
6/30/2023	\$ 46,691	\$ 46,691	\$ -	\$ 158,275	29.50%
6/30/2022	16,225	16,225	-	55,000	29.50%
6/30/2021	21,455	21,455	-	72,730	29.50%
6/30/2020	22,507	22,507	-	81,025	27.78%
6/30/2019	20,257	20,257	-	78,230	25.89%
6/30/2018	20,240	20,240	-	81,776	24.75%
6/30/2017	18,464	18,464	-	81,164	22.75%
6/30/2016	17,323	17,323	-	87,712	19.75%
6/30/2015	26,873	26,873	-	136,065	19.75%

(1) Schedule is intended to show information for 10 years. Additional years will be presented as available.

CITY OF CENTRAL, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2023

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted by the Mayor to the City Council prior to the beginning of each fiscal period. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget.

The General Fund annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the City Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures in the subsequent period. Such designations represent the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget.

Basis of Accounting

All of the City's funds' budgets are prepared on the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 2023. The City's basis of budgetary accounting follows generally accepted accounting principles.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures Exceeding Appropriations

Excess of expenditures over appropriations in functions within the fund occurred as follows:

	Original Budget	Final Budget	Actual	Excess over Final Budget
General Fund:				
Capital outlay	\$ 202,900	\$ 406,950	\$ 661,566	\$ (254,616)

NOTE 3 - NET PENSION LIABILITY FOR MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM - PLAN A

Changes of Benefit Terms

Measurement Date	Changes of Benefit Terms	
	Years	Change
6/30/2022	3	-
6/30/2021	3	-
6/30/2020	3	-
6/30/2019	3	-
6/30/2018	3	-
6/30/2017	3	-
6/30/2016	3	-
6/30/2015	3	-
6/30/2014	3	-

Changes of Assumptions

Measurement Date	Discount rates		Inflation rates	
	Rate	Change	Rate	Change
6/30/2022	6.850%	0.000%	2.500%	0.000%
6/30/2021	6.850%	0.100%	2.500%	0.000%
6/30/2020	6.950%	0.050%	2.500%	0.000%
6/30/2019	7.000%	0.275%	2.500%	0.100%
6/30/2018	7.275%	0.125%	2.600%	0.175%
6/30/2017	7.400%	0.100%	2.775%	0.100%
6/30/2016	7.500%	0.000%	2.875%	0.000%
6/30/2015	7.500%	0.250%	2.875%	0.125%
6/30/2014	7.750%		3.000%	

Measurement Date	Salary Increases			
	1 - 4 years	Change	4+ years	Change
6/30/2022	6.40%	0.000%	4.50%	0.000%
6/30/2021	6.40%	0.000%	4.50%	0.000%
6/30/2020	6.40%	0.000%	4.50%	0.000%
6/30/2019	6.40%	-1.400%	4.50%	0.500%
6/30/2018	5.00%	0.000%	5.00%	0.000%
6/30/2017	5.00%	0.000%	5.00%	0.000%
6/30/2016	5.00%	0.000%	5.00%	0.000%
6/30/2015	5.00%	0.750%	5.00%	0.750%
6/30/2014	5.75%		5.75%	

SUPPLEMENTARY INFORMATION

CITY OF CENTRAL, LOUISIANA
CAPITAL OUTLAY AND IMPROVEMENT FUND - MAJOR FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Intergovernmental grants	\$ 1,660,073	\$ 886,860	\$ 538,109	\$ (348,751)
Investment income, net of fees	-	60,510	169,285	108,775
Total revenues	1,660,073	947,370	707,394	(239,976)
EXPENDITURES				
Current function:				
Public works	13,546,941	4,509,179	3,327,478	1,181,701
Capital outlay	1,061,182	194,400	1,135,098	(940,698)
Total expenditures	14,608,123	4,703,579	4,462,576	241,003
Deficiency of expenditures over revenues	(12,948,050)	(3,756,209)	(3,755,182)	1,027
OTHER FINANCING SOURCES				
Transfers in	2,008,129	5,469,250	5,469,065	(185)
Net change in fund balance	\$ (10,939,921)	\$ 1,713,041	1,713,883	\$ 842
FUND BALANCE				
Beginning of year			12,833,045	
End of year			\$ 14,546,928	

**CITY OF CENTRAL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended June 30, 2023

Agency Head: Wade Evans, Mayor (January 1, 2023 to June 30, 2023)

Purpose	Amount
Salary	\$ 36,250
Benefits - retirement	10,693
	\$ 46,943

Agency Head: David Barrow, Mayor (July 1, 2022 to December 31, 2022)

Purpose	Amount
Salary	\$ 27,500
Benefits - retirement	8,112
	\$ 35,612

OTHER INDEPENDENT AUDITORS' REPORTS

CITY OF CENTRAL, LOUISIANA

For the year ended June 30, 2023

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*

The Honorable Mayor and
Members of the City Council,
City of Central, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, 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 and each major fund of the **CITY OF CENTRAL, LOUISIANA (CITY)** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 14, 2023.

Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and *Louisiana Governmental Audit Guide*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

This report is intended solely for the information and use of the City Council and management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 14, 2023

CITY OF CENTRAL, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiency in internal control were disclosed by the audit of financial statements: **None.**

Material weaknesses: **None.**

C) Noncompliance that is material to the financial statements: **None.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

3) Findings relating to compliance reported in accordance with *Government Auditing Standards* and *Louisiana Audit Guide*: **None.**

4) FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

5) FINDINGS – NONCOMPLIANCE

None.

CITY OF CENTRAL, LOUISIANA

SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2023

2022-001 Compliance with Public Bid Law

This finding is considered resolved.

2022-002 Compliance with Retirement Plan Participation

This finding is considered resolved.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

CITY OF CENTRAL, LOUISIANA

For the year ended June 30, 2023

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Mayor and
Members of the City Council
City of Central, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The **CITY OF CENTRAL, LOUISIANA'S (CITY)** management is responsible for those C/C areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of associated findings are as follows:

The procedures and associated findings are as follows:

1. Written Policies and Procedures:

- A. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

2. Board or Finance Committee:

- A. Obtain and inspect the board/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 whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.
- 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.

3. Bank Reconciliations:

- A. Obtain a listing of client bank accounts 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, electronically logged);
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- 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 are not responsible for collecting cash, unless another employee verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #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 matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6. Credit Cards/Debit Cards/Fuel Cards/P-Cards:

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased security.

7. Travel and Travel-Related Expense Reimbursement (excluding card transactions):

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8. Contracts:

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. 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 that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

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

9. Payroll and Personnel:

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees of officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, 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 or officials' cumulate leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

10. Ethics:

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11. Debt Service:

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

12. Fraud Notice:

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

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 no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - 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.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and

observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

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

14. Prevention of Sexual Harassment:

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

CITY OF CENTRAL, LOUISIANA

SCHEDULE OF ASSOCIATED FINDINGS

For the year ended June 30, 2023

Associated Findings:

No associated findings were found as a result of applying the procedures listed above, except as follows:

3. Bank Reconciliations:

A (iii) Of the two bank accounts selected, one did not have documentation reflecting items outstanding more than 12 months from the statement closing date had been researched.

6. Credit Cards/Debit Cards/Fuel Cards/P-Cards:

C (3) Of the five cards selected, one of the transactions from the statement did not contain documentation of the individuals participating in meals.

13. Information Technology Disaster Recovery/Business Continuity:

A We performed the procedure and discussed the results with management. No associated findings were noted related to the procedures performed.

Management's Response:

Management of the City concurs with the exceptions identified are in the process of addressing these matters.

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

We are required to be independent of **CITY OF CENTRAL, LOUISIANA** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 14, 2023