

TOWN OF KROTZ SPRINGS
KROTZ SPRINGS, LOUISIANA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1-4
<u>FINANCIAL SECTION</u>	
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements (GWFS)	
Statement of Net Position	5
Statement of Activities	6-7
Fund Financial Statements (FFS)	
Balance Sheet - Governmental Funds	8
Reconciliation of Governmental Funds' Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities	11
Statement of Net Position - Proprietary Funds	12-13
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15-16
Notes to Basic Financial Statements	17-36
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
<u>BUDGETARY COMPARISON SCHEDULES</u>	
General Fund	37
Sales Tax Fund	38
<u>PENSION PLAN SCHEDULES</u>	
Schedule of Employer's Share of Net Pension Liability	39
Schedule of Employer Contributions	40
Notes to Required Supplementary Information	41

TABLE OF CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1-4
<u>FINANCIAL SECTION</u>	
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements (GWFS)	
Statement of Net Position	5
Statement of Activities	6-7
Fund Financial Statements (FFS)	
Balance Sheet - Governmental Funds	8
Reconciliation of Governmental Funds' Balance Sheet to the Statement of Net Position	9
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statements of Activities	11
Statement of Net Position - Proprietary Funds	12-13
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	14
Statement of Cash Flows – Proprietary Funds	15-16
Notes to Basic Financial Statements	17-36
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
<u>BUDGETARY COMPARISON SCHEDULES</u>	
General Fund	37
Sales Tax Fund	38
<u>PENSION PLAN SCHEDULES</u>	
Schedule of Employer's Share of Net Pension Liability	39
Schedule of Employer Contributions	40
Notes to Required Supplementary Information	41

TABLE OF CONTENTS

	<u>PAGE</u>
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
<u>MAJOR GOVERNMENTAL FUNDS</u>	
General Fund -	42
Detailed Schedule of Revenues - Budget (GAAP Basis) and Actual	43-44
Detailed Schedule of Expenditures - Budget (GAAP Basis) and Actual	45-47
<u>OTHER SUPPLEMENTARY SCHEDULES</u>	
Enterprise Funds -	
Schedule of Operating Expenses	48-49
Combined Schedule of Investments - All Funds	50
Schedule of Insurance in Force – Unaudited	51
Schedule of Compensation Paid to Governing Body	52
Justice System Funding Reporting Schedules	
Collecting/Disbursing	53

TABLE OF CONTENTS

	<u>PAGE</u>
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
<u>MAJOR GOVERNMENTAL FUNDS</u>	
General Fund -	42
Detailed Schedule of Revenues - Budget (GAAP Basis) and Actual	43-44
Detailed Schedule of Expenditures - Budget (GAAP Basis) and Actual	45-47
<u>OTHER SUPPLEMENTARY SCHEDULES</u>	
Enterprise Funds -	
Schedule of Operating Expenses	48-49
Combined Schedule of Investments - All Funds	50
Schedule of Insurance in Force – Unaudited	51
Schedule of Compensation Paid to Governing Body	52
Justice System Funding Reporting Schedules	
Collecting/Disbursing	53
Receiving	54
<u>COMPLIANCE AND INTERNAL CONTROL</u>	
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	55-56
Summary Schedule of Current and Prior Year Audit Findings And Corrective Action Plan	57-58

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INDEPENDENT AUDITORS' REPORT

The Honorable Carroll Snyder, Mayor
and Members of the Board of Aldermen/Alderwomen
Krotz Springs, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Krotz Springs, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Krotz Springs, Louisiana, as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Krotz Springs' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, schedule of employer's share of net pension liability, and schedule of employer contributions on pages 37 through 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Krotz Springs' basic financial statements. The General Fund Detailed Schedule of Revenues & Expenditures-Budget (GAAP Basis) and Actual, Enterprise Funds-Schedule of Operating Expenses, Combined Schedule of Investments, and the Schedule of Compensation Paid to Governing Body are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Justice System Funding Reporting Schedules (reporting schedules) were created by Act 87 of the Louisiana 2020 Regular Legislative Session. These reporting schedules are presented for purposes of additional analysis and are also 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 General Fund Detailed Schedule of Revenues & Expenditures-Budget (GAAP Basis) and Actual, Enterprise Funds-Schedule of Operating Expenses, Combined Schedule of Investments, Schedule of Compensation Paid to Governing Body, and reporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2023, on our consideration of the Town of Krotz Springs' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Krotz Springs' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Krotz Springs' internal control over financial reporting and compliance.

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
November 8, 2023

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,891,546	\$ 1,775,792	\$ 4,667,338
Investments	751,836	1,285,603	2,037,439
Receivables, (net of allowance for uncollectibles)	12,272	109,242	121,514
Due from other governments	45,622	-	45,622
Internal balances	-	-	-
Restricted assets	-	107,258	107,258
Prepaid expenses	51,452	29,240	80,692
Capital assets (not being depreciated)	835,647	2,700	838,347
Capital assets (net)	1,142,004	960,808	2,102,812
<u>Total assets</u>	<u>5,730,379</u>	<u>4,270,643</u>	<u>10,001,022</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	 <u>45,232</u>	 <u>70,898</u>	 <u>116,130</u>
 <u>LIABILITIES</u>			
Accounts payable	20,915	30,891	51,806
Accrued payroll benefits	6,343	2,740	9,083
Sales tax payable	1,523	-	1,523
Unearned revenue	435,655	-	435,655
Due to other government	-	2,856	2,856
Payable from restricted assets	-	107,258	107,258
Long-term liabilities			
Due in more than one year	38,886	17,502	56,388
Net pension liability	116,247	182,212	298,459
<u>Total liabilities</u>	<u>619,569</u>	<u>343,459</u>	<u>963,028</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	 <u>6,652</u>	 <u>10,428</u>	 <u>17,080</u>
 <u>NET POSITION</u>			
Net investment in capital assets	1,977,651	963,508	2,941,159
Restricted for tax dedications	2,385,360	-	2,385,360
Unrestricted	786,379	3,024,146	3,810,525
<u>Total net position</u>	<u>\$ 5,149,390</u>	<u>\$ 3,987,654</u>	<u>\$ 9,137,044</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION</u>		
	<u>EXPENSES</u>	<u>FEEES, FINES AND CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>FUNCTIONS / PROGRAMS</u>							
Governmental Activities							
General government	\$ 630,528	\$ 89,265	\$ 50,000	\$ -	\$ (491,263)	\$ -	\$ (491,263)
Public safety	719,579	302,449	-	-	(417,130)	-	(417,130)
Public works	130,348	-	-	-	(130,348)	-	(130,348)
Culture and recreation	78,179	-	-	-	(78,179)	-	(78,179)
<u>Total governmental activities</u>	<u>1,558,634</u>	<u>391,714</u>	<u>50,000</u>	<u>-</u>	<u>(1,116,920)</u>	<u>-</u>	<u>(1,116,920)</u>
Business-type Activities							
Gas	284,782	451,220	-	-	-	166,438	166,438
Water	368,448	347,430	-	9,821	-	(11,197)	(11,197)
Sewer	194,360	95,559	-	-	-	(98,801)	(98,801)
<u>Total business- type activities</u>	<u>847,590</u>	<u>894,209</u>	<u>-</u>	<u>9,821</u>	<u>-</u>	<u>56,440</u>	<u>56,440</u>
<u>Total</u>	<u>2,406,224</u>	<u>1,285,923</u>	<u>50,000</u>	<u>9,821</u>	<u>(1,116,920)</u>	<u>56,440</u>	<u>(1,060,480)</u>

Continued on next page.

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
	FEEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
General revenues						
Taxes						
Property taxes, levied for general purposes				\$ 483,350	\$ -	\$ 483,350
Sales taxes, levied for general purposes				477,488	-	477,488
Franchise taxes				310,193	-	310,193
Interest and investment earnings				14,815	48,428	63,243
Non-employer pension revenue				4,100	5,779	9,879
Intergovernmental				133,445	-	133,445
Miscellaneous				10,651	14,494	25,145
Loss on disposal of capital assets				(2,500)	-	(2,500)
Transfers				(19,045)	19,045	-
<u>Total general revenues and transfers</u>				<u>1,412,497</u>	<u>87,746</u>	<u>1,500,243</u>
<u>Changes in net position</u>				<u>295,577</u>	<u>144,186</u>	<u>439,763</u>
Net position - July 1, 2022				<u>4,853,813</u>	<u>3,843,468</u>	<u>8,697,281</u>
Net position - June 30, 2023				<u>\$ 5,149,390</u>	<u>\$ 3,987,654</u>	<u>\$ 9,137,044</u>

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

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF KROTZ SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>GENERAL</u>	<u>SALES TAX</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,033,926	\$ 1,857,620	\$ 2,891,546
Investments	225,000	526,836	751,836
Receivables, net of allowance for uncollectibles			
Interest receivable	342	904	1,246
Taxes	1,438	-	1,438
Other receivable	9,588	-	9,588
Due from other governments	45,622	-	45,622
	<u> </u>	<u> </u>	<u> </u>
<u>Total assets</u>	<u>\$ 1,315,916</u>	<u>\$ 2,385,360</u>	<u>\$ 3,701,276</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Accounts payable	\$ 20,915	\$ -	\$ 20,915
Accrued payroll benefits	6,343	-	6,343
Sales tax payable	1,523	-	1,523
Unearned revenue	435,655	-	435,655
	<u> </u>	<u> </u>	<u> </u>
<u>Total liabilities</u>	<u>464,436</u>	<u>-</u>	<u>464,436</u>
 <u>FUND BALANCES</u>			
Restricted	-	2,385,360	2,385,360
Unassigned	851,480	-	851,480
	<u> </u>	<u> </u>	<u> </u>
<u>Total fund balances</u>	<u>851,480</u>	<u>2,385,360</u>	<u>3,236,840</u>
	<u> </u>	<u> </u>	<u> </u>
<u>Total liabilities and fund balances</u>	<u>\$ 1,315,916</u>	<u>\$ 2,385,360</u>	<u>\$ 3,701,276</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS' BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total fund balances for governmental funds at
June 30, 2023 \$ 3,236,840

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

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Those assets consist of:

Land, building, improvements, furniture, fixtures, equipment, and vehicles	\$ 4,678,645	
Less: Accumulated depreciation as of June 30, 2023	<u>(2,700,994)</u>	1,977,651

Prepaid expenses at June 30, 2023 51,452

The deferred outflows of expenditures are not a use of current
resources, and are, therefore, not reported in the funds:

Pension plan	45,232
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The deferred inflows of contributions are not available resources, and
resources, are not reported in the funds:

Pension plan	(6,652)
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General long-term debt of governmental activities is not payable from
current resources and, therefore, not reported in the funds. The debt is:

Net Pension Liability	(116,247)
Compensated absences	<u>(38,886)</u>

Net position at June 30, 2023	<u><u>\$ 5,149,390</u></u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	GENERAL	SALES TAX	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Taxes	\$ 793,543	\$ 477,488	\$ 1,271,031
Licenses and permits	73,236	-	73,236
Intergovernmental	183,445	-	183,445
Charges for services	16,029	-	16,029
Fines and forfeits	302,449	-	302,449
Investment income	5,108	9,707	14,815
Miscellaneous	10,651	-	10,651
<u>Total revenues</u>	<u>1,384,461</u>	<u>487,195</u>	<u>1,871,656</u>
<u>EXPENDITURES</u>			
Current operating			
General and administrative	566,603	4,404	571,007
Street department	87,272	-	87,272
Police department	701,656	-	701,656
Recreation department	65,266	-	65,266
Capital outlay	115,169	-	115,169
<u>Total expenditures</u>	<u>1,535,966</u>	<u>4,404</u>	<u>1,540,370</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>			
<u>OVER (UNDER) EXPENDITURES</u>	<u>(151,505)</u>	<u>482,791</u>	<u>331,286</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	-	-
Transfers out	(19,045)	-	(19,045)
<u>Total other financing sources (uses)</u>	<u>(19,045)</u>	<u>-</u>	<u>(19,045)</u>
<u>NET CHANGE IN FUND BALANCES</u>			
	(170,550)	482,791	312,241
<u>FUND BALANCES, beginning of year</u>			
	<u>1,022,030</u>	<u>1,902,569</u>	<u>2,924,599</u>
<u>FUND BALANCES, end of year</u>			
	<u>\$ 851,480</u>	<u>\$ 2,385,360</u>	<u>\$ 3,236,840</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Total net change in fund balances for the year ended June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$	312,241
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The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 115,169	
Depreciation expense for year ended June 30, 2023	<u>(125,725)</u>	(10,556)

Governmental funds are reported on the modified accrual basis of accounting as opposed to the accrual basis of accounting. Therefore, there are revenue and expenditure accruals in the statement of activities.

Non-employer Pension Revenue		4,100
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Expenses not requiring the use of current financial resources and, therefore, not reported as expenditures in the governmental funds

Change in prepaid expenses	163	
Change in compensated absences	(7,026)	
Change in pension expense	(845)	
Book value of capital asset disposals	<u>(2,500)</u>	<u>(10,208)</u>

<u>Total change in net position for the year ended June 30, 2023 per Statement of Activities</u>	\$	<u>295,577</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS

<u>ASSETS</u>	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL ENTERPRISE FUNDS</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 854,814	\$ 900,948	\$ 20,030	\$ 1,775,792
Investments	620,846	573,435	91,322	1,285,603
Receivables, net of allowance for uncollectibles				
Accounts	64,416	35,493	8,696	108,605
Interest	-	217	-	217
Other	-	420	-	420
Prepaid insurance	5,848	17,544	5,848	29,240
<u>Total current assets</u>	<u>1,545,924</u>	<u>1,528,057</u>	<u>125,896</u>	<u>3,199,877</u>
<u>RESTRICTED ASSETS</u>				
Cash	37,589	54,056	-	91,645
Investments	15,613	-	-	15,613
<u>Total restricted assets</u>	<u>53,202</u>	<u>54,056</u>	<u>-</u>	<u>107,258</u>
<u>PROPERTY AND EQUIPMENT</u>				
Utility plant, net	25,139	166,629	771,740	963,508
<u>Total property and equipment</u>	<u>25,139</u>	<u>166,629</u>	<u>771,740</u>	<u>963,508</u>
<u>Total assets</u>	<u>1,624,265</u>	<u>1,748,742</u>	<u>897,636</u>	<u>4,270,643</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	18,535	40,116	12,247	70,898
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES (from current assets)</u>				
Accounts payable	13,011	14,784	3,096	30,891
Accrued payroll benefits	706	1,568	466	2,740
Due to other governments	-	2,856	-	2,856
<u>Total</u>	<u>13,717</u>	<u>19,208</u>	<u>3,562</u>	<u>36,487</u>

Continued on next page.

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>CURRENT LIABILITIES</u> (from restricted assets)				
Customers' deposits	\$ 53,202	\$ 54,056	\$ -	\$ 107,258
<u>Total</u>	53,202	54,056	-	107,258
<u>Total current liabilities</u>	66,919	73,264	3,562	143,745
<u>NONCURRENT LIABILITIES</u>				
Net pension liability	47,636	103,100	31,476	182,212
Accrued compensated absences	10,017	4,563	2,922	17,502
<u>Total noncurrent liabilities</u>	57,653	107,663	34,398	199,714
<u>Total liabilities</u>	124,572	180,927	37,960	343,459
<u>DEFERRED INFLOWS OF RESOURCES</u>	2,726	5,901	1,801	10,428
<u>NET POSITION</u>				
Net investment in capital assets	25,139	166,629	771,740	963,508
Unrestricted	1,490,363	1,435,401	98,382	3,024,146
<u>Total net position</u>	\$ 1,515,502	\$ 1,602,030	\$ 870,122	\$ 3,987,654

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL ENTERPRISE FUNDS</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	
<u>OPERATING REVENUES</u>				
Charges for services	\$ 451,220	\$ 347,430	\$ 95,559	\$ 894,209
<u>Total operating revenues</u>	<u>451,220</u>	<u>347,430</u>	<u>95,559</u>	<u>894,209</u>
<u>OPERATING EXPENSES</u>				
Personal services	73,870	177,959	48,573	300,402
Contractual services	159,566	-	4,319	163,885
Supplies	5,880	10,094	1,107	17,081
Other expenses	43,143	155,152	58,714	257,009
Depreciation	2,323	25,243	81,647	109,213
<u>Total operating expenses</u>	<u>284,782</u>	<u>368,448</u>	<u>194,360</u>	<u>847,590</u>
<u>OPERATING INCOME (LOSS)</u>	<u>166,438</u>	<u>(21,018)</u>	<u>(98,801)</u>	<u>46,619</u>
<u>NON-OPERATING REVENUES</u>				
Miscellaneous income	7,013	7,481	-	14,494
Interest income	22,539	21,401	4,488	48,428
Non-employer pension revenue	1,680	3,037	1,062	5,779
<u>Total non-operating revenues</u>	<u>31,232</u>	<u>31,919</u>	<u>5,550</u>	<u>68,701</u>
<u>INCOME (LOSS) BEFORE</u>				
<u>CONTRIBUTIONS AND TRANSFERS</u>	<u>197,670</u>	<u>10,901</u>	<u>(93,251)</u>	<u>115,320</u>
<u>CONTRIBUTIONS AND TRANSFERS IN (OUT)</u>				
Capital contributions	-	9,821	-	9,821
Operating transfers in	18,477	670	93	19,240
Operating transfers out	-	(195)	-	(195)
<u>Total contributions and transfers in (out)</u>	<u>18,477</u>	<u>10,296</u>	<u>93</u>	<u>28,866</u>
<u>CHANGE IN NET POSITION</u>	<u>216,147</u>	<u>21,197</u>	<u>(93,158)</u>	<u>144,186</u>
<u>NET POSITION, beginning of year</u>	<u>1,299,355</u>	<u>1,580,833</u>	<u>963,280</u>	<u>3,843,468</u>
<u>NET POSITION, end of year</u>	<u>\$ 1,515,502</u>	<u>\$ 1,602,030</u>	<u>\$ 870,122</u>	<u>\$ 3,987,654</u>

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>			<u>TOTAL ENTERPRISE FUNDS</u>
	<u>GAS FUND</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Cash received from customers	\$ 420,784	\$ 349,366	\$ 96,697	\$ 866,847
Cash payments to suppliers for goods and services	(199,633)	(170,753)	(64,335)	(434,721)
Cash payments to employees for services	(67,198)	(158,707)	(47,351)	(273,256)
<u>Net cash provided (used) by operating activities</u>	<u>153,953</u>	<u>19,906</u>	<u>(14,989)</u>	<u>158,870</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Transfers in (out)	33,985	10,305	8,087	52,377
Change in customer meter deposits	943	818	-	1,761
<u>Net cash provided by noncapital financing activities</u>	<u>34,928</u>	<u>11,123</u>	<u>8,087</u>	<u>54,138</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(4,555)	(41,883)	-	(46,438)
Contributions received	-	9,821	-	9,821
<u>Net cash (used) by capital and related financing activities</u>	<u>(4,555)</u>	<u>(32,062)</u>	<u>-</u>	<u>(36,617)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Purchase of investments	(20,184)	(17,439)	(3,420)	(41,043)
Interest on investments	22,539	21,210	4,488	48,237
<u>Net cash provided by investing activities</u>	<u>2,355</u>	<u>3,771</u>	<u>1,068</u>	<u>7,194</u>
<u>NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS</u>	186,681	2,738	(5,834)	183,585
<u>CASH & CASH EQUIVALENTS, July 1, 2022</u>	<u>705,722</u>	<u>952,266</u>	<u>25,864</u>	<u>1,683,852</u>
<u>CASH & CASH EQUIVALENTS, June 30, 2023</u>	<u>\$ 892,403</u>	<u>\$ 955,004</u>	<u>\$ 20,030</u>	<u>\$ 1,867,437</u>

Continued on next page.

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

TOWN OF KROTZ SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER FUND	SEWER FUND	TOTAL ENTERPRISE FUNDS
<u>RECONCILIATION OF OPERATING INCOME</u>				
<u>(LOSS) TO NET CASH PROVIDED</u>				
<u>(USED) BY OPERATING</u>				
<u>ACTIVITIES</u>				
Operating income (loss)	\$ 166,438	\$ (21,018)	\$ (98,801)	\$ 46,619
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,323	25,243	81,647	109,213
(Increase) decrease in accounts receivable	(30,736)	1,625	1,138	(27,973)
(Increase) decrease in other receivable	300	311	-	611
(Increase) decrease in prepaid insurance	(544)	(1,632)	(543)	(2,719)
Increase (decrease) in accounts payable	9,500	(3,875)	348	5,973
Increase (decrease) in accrued payroll benefits	25	256	36	317
Increase (decrease) in accrued compensated absences	(712)	(464)	50	(1,126)
Increase (decrease) in pension expense	7,359	19,460	1,136	27,955
<u>Total adjustments</u>	<u>(12,485)</u>	<u>40,924</u>	<u>83,812</u>	<u>112,251</u>
 <u>Net cash provided (used)</u> <u>by operating activities</u>	<u>\$ 153,953</u>	<u>\$ 19,906</u>	<u>\$ (14,989)</u>	<u>\$ 158,870</u>

Reconciliation of cash and cash equivalents per statement
of cash flows to the statement of net position:

Cash and cash equivalents, beginning of period
Cash and cash equivalents-unrestricted
Cash-restricted
Total cash and cash equivalents

\$ 1,593,495
90,357
1,683,852

Cash and cash equivalents, end of period
Cash and cash equivalents-unrestricted
Cash-restricted
Total cash and cash equivalents

1,775,792
91,645
1,867,437

Net increase

\$ 183,585

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

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Krotz Springs, Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

The following is a summary of certain significant accounting policies and practices of the Town of Krotz Springs.

A. FINANCIAL REPORTING ENTITY

In March 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54 - Fund Balance Reporting and Government Fund Type Definitions. This Statement establishes fund balance classifications based primarily on the extent to which the Town is bound to honor constraints on the use of the resources reported in each governmental fund as well as establishes additional note disclosures regarding fund balance classification policies and procedures.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Town of Krotz Springs for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town 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 Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
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.

The Town of Krotz Springs is a primary government and has no component units. The accompanying financial statements present information only on the funds maintained by the Town and do not present information on any other governmental unit.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Position and the Statement of Activities display information on all of the nonfiduciary activities of the Town of Krotz Springs, the primary government, as a whole. They include all funds of the reporting entity. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Position at the fund financial statement level.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION - Continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS) - Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

The Town reports the following major governmental funds:

Governmental Funds

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

Special Revenue Fund

Sales Tax Fund. The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

The Town reports the following major proprietary funds:

Enterprise Funds

Gas Fund The Gas Fund accounts for gas services to residents of the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including, but not limited to operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

Water Fund The Water Fund accounts for water services to residents of the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including, but not limited to operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. BASIS OF PRESENTATION – Continued

FUND FINANCIAL STATEMENTS – Continued

Enterprise Funds – Continued

Sewer Fund

The Sewer Fund accounts for sewer services to the Town of Krotz Springs. All activities necessary to provide such services are accounted for in this fund, including but not limited to, operations, construction, administration, maintenance, financing and related debt service, and billing and collection.

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objective of this measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. MEASUREMENT FOCUS/BASIS OF ACCOUNTING - Continued

PROGRAM REVENUES

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

ALLOCATION OF INDIRECT EXPENSES

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

D. INTERFUND RECEIVABLES AND PAYABLES

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

E. CAPITAL ASSETS

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

Prior to GASB No. 34, governments were not required to report general infrastructure assets. The Town of Krotz Springs did not capitalize infrastructure expenditures.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated assets, which are recorded at their estimated fair value at the date of donation. The Town of Krotz Springs maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Land improvements	5 - 20 years
Buildings and improvements	10 - 40 years
Equipment	5 - 20 years
Furniture and fixtures	7 - 15 years
Other structures and improvements	5 - 25 years
Water works and gas system	20 - 50 years
Water works furniture and equipment	20 - 50 years
Sewer plant and equipment	10 - 20 years

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. CAPITAL ASSETS – Continued

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

In the fund financial statements, capital assets used in governmental fund operations are accounted for as facilities acquisition and construction expenditures of the governmental fund upon acquisition.

F. BAD DEBTS

Uncollectible amounts due for ad valorem taxes, miscellaneous liens, and sundry claims are recorded as bad debts through the establishment of an allowance account at the time information available indicates the collectability of the particular receivable.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts over 90 days old at the end of each fiscal year.

Allowance for uncollectible accounts receivable in the Enterprise Funds at June 30, 2023 was \$5,897.

G. COMPENSATED ABSENCES

Employees of the Town of Krotz Springs earn vacation and sick leave on a calendar year basis. Unused vacation cannot be carried over from one anniversary date to another, except at the discretion of management. No more than 7 days of sick leave per year can be carried over to the next year. Upon termination or retirement, unused vacation is paid to the employee at the employee's current rate of pay. Upon termination, unused sick leave up to 30 days is paid to the employee at the employee's current rate of pay.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

H. CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

I. RESTRICTED ASSETS

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

J. LONG-TERM DEBT

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the compensated absences payable.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

J. LONG-TERM DEBT – Continued

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

K. REVENUES, EXPENDITURES, AND EXPENSES

Revenues and Expenses

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

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – By Character
- Proprietary Funds – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

L. EQUITY CLASSIFICATIONS

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

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance reports aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form—prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

L. EQUITY CLASSIFICATIONS – Continued

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

1. Restricted – Reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

2. Committed – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Town Council—the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board Members remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

3. Assigned – Reflects the amounts constrained by the Town’s “intent” to be used for specific purposes but are neither restricted nor committed. The members of the Board and the Town Mayor have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

4. Unassigned – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Proprietary fund equity is classified the same as in the government-wide statements.

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

M. ESTIMATES

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

NOTE (2) - CASH AND INVESTMENTS

Louisiana statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit in state and national banks, or any other federally insured investment.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (2) - CASH AND INVESTMENTS – Continued

At year-end, the carrying amount of the Town’s cash and investments was \$6,812,035. The bank balance of cash was \$4,801,750 and of investments was \$2,053,052. Investments are stated at cost or amortized cost, which approximates market. Investments consist of time certificates of deposit and direct investment in the Louisiana Asset Management Pool (LAMP). Cash and certificates of deposits are fully secured through the pledge of bank-owned securities or federal deposit insurance. Investments in certificates of deposit at June 30, 2023 were \$804,322. The Louisiana Asset Management Pool (LAMP) is a cooperative endeavor designed to create a local government investment vehicle. The cooperative endeavor was created at the initiative of the Louisiana State Treasurer’s Office. With investment advice provided by a professional investment manager and custody of the assets maintained by a major Louisiana bank, LAMP has been established to improve administrative efficiency and increase investment yield for all depositing members. Investment in LAMP at June 30, 2023 was \$1,248,730. LAMP is currently rated AAAM by Standard & Poor’s Ratings Services.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town’s deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. The Town does not have a policy for custodial credit risk. As of June 30, 2023, the Town’s total bank balances were not fully insured and therefore exposed to custodial credit risk.

Bank balances	<u>\$</u>	6,854,802
Less: federal deposit insurance	<u>\$</u>	500,000
Less: Pledged securities		<u>6,354,802</u>
Total FDIC insurance and collateral	<u>\$</u>	<u>6,854,802</u>

Deposits in the amount of \$6,354,802 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institutions’ trust department or agent, but not in the Town’s name. The Town does not have a policy for custodial credit risk.

NOTE (3) - RECEIVABLES

	Governmental Activities	Business- type Activities	Total
Taxes receivable	\$ 1,438	\$ -	\$ 1,438
Accounts	-	108,605	108,605
Accrued interest receivable	1,246	217	1,463
Other receivable	<u>9,588</u>	<u>420</u>	<u>10,008</u>
<u>Total</u>	<u>\$ 12,272</u>	<u>\$ 109,242</u>	<u>\$ 121,514</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS

The Town participates in two cost-sharing, multiple-employer defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems:

PLAN DESCRIPTIONS

Municipal Employees' Retirement System (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Town participates in Plan B.

Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in the LRS 11:2211 and 11:2220.

The systems financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned. Ad valorem taxes and revenue sharing monies are recognized in the year collected by the tax collector. A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Highest 60 months	Highest 36 months (1) or highest 60 months (2)
Years of service required and/or age eligible for benefits	30 years at any age 10 years at age 60	25 years at any age 20 years at age 50 12 years at age 55 20 years at any age (3) 30 years at any age (4) 25 years at age 55 (4) 10 years at age 60 (4)
Benefit percent per years of service	2.00%	2.50% - 3.00% (5)

(1) Membership prior to January 1, 2013

(2) Membership commencing January 1, 2013

(3) With actuarial reduced benefits

(4) Under Non Hazardous Duty sub plan commencing January 1, 2013

(5) As of January 1, 2013, Non Hazardous Duty Plan rate is 2.50% and Hazardous Duty Plan rate is 3.00%; Prior to January 1, 2013, rate is 3.33%

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

CONTRIBUTIONS

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. In addition, MERS receives a percentage of ad valorem taxes collected by parishes and MPERS receives a percentage of insurance premium taxes from the state. These entities are not participating employers in the pension systems and are considered to be non-employer contributing entities.

Non-employer contributions for MERS for the years ended June 30, 2023, 2022, and 2021 were \$9,879, \$9,137 and \$9,162, respectively.

The Town of Krotz Springs' employer contributions to MERS for the years ended June 30, 2023, 2022, and 2021 were \$48,479, \$41,511 and \$43,621, respectively, and were equal to the required contribution for each year. The Town of Krotz Springs did not make any employer contributions to MPERS in the years June 30, 2023, 2022, and 2021.

Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2023 for the plans in which the Town is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Amount from Non-employer Contributing Entities</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
MERS	5.00%	15.50%	\$ 9,879	\$ 48,479	\$ 15,638
MPERS	10.00%	29.75%	-	-	-
			<u>\$ 9,879</u>	<u>\$ 48,479</u>	<u>\$ 15,638</u>

NET PENSION LIABILITY

At June 30, 2023, the Town's net pension liability is comprised of its proportionate share of the net pension liability related to each of the cost-sharing, multiple-employer plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date, June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the Town's proportion for each plan and the change in proportion from the prior measurement date were as follows:

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 298,459	0.339936%	-0.025633%
MPERS	-	0.000000%	0.000000%
	<u>\$ 298,459</u>		

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

Since the measurement date of the net pension liability was June 30, 2022, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

MERS – www.mersla.com

MPERS – www.lampers.org

ACTUARIAL ASSUMPTIONS

The following table provides information concerning actuarial assumptions used in the determination of the total net pension liability for each of the retirement plans in which the Town is a participating employer:

	<u>MERS</u>	<u>MPERS</u>
Date of experience study on which significant assumptions are based	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019
Expected remaining service lives	3	4
Inflation rate	2.50%	2.50%
Projected salary increases	4.90% - 7.4%	4.70% - 12.30%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(4), (5), (6)

(1) PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

(2) PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

(3) PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

(4) For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

(5) For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projections using the MP2019 scale.

(6) For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale.

COST OF LIVING ADJUSTMENTS

The plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis. Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA if effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

DISCOUNT RATE

The discount rates used to measure the Village's total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	MERS	MPERS
Discount rate	6.850%	6.750%
Change in discount rate from prior valuation	0.000%	0.000%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the discount rate:		
Long-term rate of return	6.85%	6.750%
Periods applied	All	All
Municipal bond rate	N/A	N/A

(1) Plan member contributions will be made at the current contribution rates and participating employer contributions will be made at the actuarially determined rates

The discount rates used to determine the Town's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for each plan in the following tables:

	MERS		MPERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Equity	53.00%	2.31%	55.50%	3.60%
Fixed Income	38.00%	1.65%	30.50%	0.85%
Alternative	9.00%	0.39%	14.00%	0.95%
Total	100.00%	4.35%	100.00%	5.40%
Inflation		2.60%		2.66%
Expected Nominal Return		6.95%		8.06%

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2022, the Town recognized \$63,402 in pension expense related to all retirement plans in which it participates. MERS recognized revenues in the amount of \$9,879 in ad valorem taxes collected from non-employer contributing entities. The pension expense and revenues are summarized by plan in the following table:

<u>Plan</u>	<u>Pension Expense</u>	<u>Revenues</u>
MERS	\$ 63,402	\$ 9,879
MPERS	-	-
	<u>\$ 63,402</u>	<u>\$ 9,879</u>

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

	<u>Deferred Outflows of Resources</u>		
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ -	\$ -
Changes of assumptions	3,192	-	3,192
Net difference between projected and actual earnings on pension plan investments	54,887	-	54,887
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	9,572	-	9,572
Employer contributions subsequent to the measurement date	<u>48,479</u>	<u>-</u>	<u>48,479</u>
Total	<u>\$ 116,130</u>	<u>\$ -</u>	<u>\$ 116,130</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

PENSION EXPENSE, DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS – Continued

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Differences between expected and actual experience	\$ 3,797	\$ -	\$ 3,797
Changes of assumptions	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions and deferred outflows and inflows of resources	13,283	-	13,283
Employer contributions subsequent to the measurement date	-	-	-
Total	\$ 17,080	\$ -	\$ 17,080

Deferred outflows of resources of \$48,479 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year ended June 30	MERS	MPERS	Total
2023	\$ 15,921	\$ -	\$ 15,921
2024	4,113	-	4,113
2025	5,917	-	5,917
2026	24,618	-	24,618
Total	\$ 50,569	\$ -	\$ 50,569

SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the Town's proportionate shares of the net pension liability for each plan, calculated using their respective discount rates, as well as what the Town's proportionate shares of the net pension liability for each plan would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

SENSITIVITY TO CHANGES IN DISCOUNT RATE – Continued

<u>Plan</u>	<u>Current Discount Rate</u>	<u>Net Pension Liability</u>		
		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS	6.850%	\$ 406,855	\$ 298,459	\$ 206,780
MPERS	6.750%	-	-	-
Total		<u>\$ 406,855</u>	<u>\$ 298,459</u>	<u>\$ 206,780</u>

CHANGE IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2022 were recognized in the current reporting period except as follows:

Differences between Expected and Actual Experience: Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the pension plan. The differences between expected and actual experience for MERS resulted in a deferred inflow of resources in the amount of \$3,797 for the year ended June 30, 2022.

Changes of Assumptions or Other Inputs: Changes of assumptions about future economic or demographic factors or of other inputs recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. Changes of assumptions or other inputs for MERS resulted in a deferred outflow of resources in the amount of \$3,192 for the year ended June 30, 2022.

Differences between Projected and Actual Investment Earnings: Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings for MERS resulted in a deferred outflow of resources in the amount of \$54,887 for the year ended June 30, 2022.

Change in Proportion: Change in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The change in proportion for MERS resulted in a deferred outflow of resources in the amount of \$9,572 and a deferred inflow of resources in the amount of \$13,283 for the year ended June 30, 2022.

CONTRIBUTIONS – PROPORTIONARE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (4) - RETIREMENT PLANS – Continued

PAYABLES TO THE PENSION PLAN

At June 30, 2023, the Town reported a payable to the Municipal Employees' Retirement System of Louisiana of \$4,647 for the employer's portion of contractually required contributions to the pension plan for the month of June.

ESTIMATES

The preparation of the schedule of employer allocations and the schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results may differ from those estimates.

NOTE (5) - AD VALOREM TAXES

For the year ended June 30, 2023, the Town of Krotz Springs levied a general tax of 8.52 mills, the statutory maximum, on property with assessed valuation totaling \$56,603,020. Total tax levied was \$482,258. Taxes receivable at June 30, 2023 totaled \$4,148, net of the allowance for uncollectible accounts of \$2,710. The Town's ad valorem tax, levied for the calendar year, is due on or before December 31 and becomes delinquent on January 1.

NOTE (6) - ACCOUNTS RECEIVABLE – ENTERPRISE FUNDS

The accounts receivable consist of gas, water and sewer billings uncollected as of June 30, 2023. An accounts receivable aging schedule is as follows:

<u>Days</u>		
Unbilled	\$	13,063
0 - 30		98,559
31 - 60		-
61 - 90		-
91 and older		2,880
<u>Total accounts receivable</u>		<u>114,502</u>
Less: allowance for uncollectible accounts		<u>(5,897)</u>
<u>Net accounts receivable</u>	<u>\$</u>	<u>108,605</u>

NOTE (7) - PROPRIETARY FUNDS – RESTRICTED ASSETS

Certain assets of the Enterprise Funds have been restricted for customers' deposits. These assets consist of cash totaling \$107,258.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (8) - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2023, for the Town of Krotz Springs is as follows:

	<u>Balances</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balances</u> <u>June 30, 2023</u>
Governmental Activities				
Non-depreciable				
Land	\$ 835,647	\$ -	\$ -	\$ 835,647
Depreciable				
Land improvements	640,498	-	-	640,498
Building and improvements	1,614,815	27,583	-	1,642,398
Equipment	695,218	60,464	4,000	751,682
Furniture and fixtures	46,276	8,642	-	54,918
Other structures and improvements	735,022	18,480	-	753,502
<u>Totals at historical cost</u>	<u>4,567,476</u>	<u>115,169</u>	<u>4,000</u>	<u>4,678,645</u>
Less accumulated depreciation				
Land improvements	516,587	24,279	-	540,866
Building and improvements	883,730	43,597	-	927,327
Equipment	503,676	40,509	1,500	542,685
Furniture and fixtures	28,237	3,802	-	32,039
Other structures and improvements	644,539	13,538	-	658,077
<u>Total accumulated depreciation</u>	<u>2,576,769</u>	<u>125,725</u>	<u>1,500</u>	<u>2,700,994</u>
Governmental Activities				
Capital assets, net	<u>\$ 1,990,707</u>	<u>\$ (10,556)</u>	<u>\$ 2,500</u>	<u>\$ 1,977,651</u>
Business-type Activities				
Non-depreciable				
Land	\$ 2,700	\$ -	\$ -	\$ 2,700
Depreciable				
Waterworks and gas system	2,454,505	38,578	-	2,493,083
Waterworks furniture and equipment	174,222	7,859	-	182,081
Sewer plant and equipment	3,023,790	-	-	3,023,790
<u>Totals at historical cost</u>	<u>5,655,217</u>	<u>46,437</u>	<u>-</u>	<u>5,701,654</u>
Less accumulated depreciation				
Waterworks and gas system	2,341,891	23,421	-	2,365,312
Waterworks furniture and equipment	116,641	4,145	-	120,786
Sewer plant and equipment	2,170,401	81,647	-	2,252,048
<u>Total accumulated depreciation</u>	<u>4,628,933</u>	<u>109,213</u>	<u>-</u>	<u>4,738,146</u>
Business-type Activities				
Capital assets, net	<u>\$ 1,026,284</u>	<u>\$ (62,776)</u>	<u>\$ -</u>	<u>\$ 963,508</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (8) - CAPITAL ASSETS -- Continued

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

	<u>Governmental</u>
General government	\$ 55,082
Public safety - police	14,558
Public works - streets	42,547
Culture and recreation	13,538
<u>Total</u>	<u>\$ 125,725</u>
	<u>Business-type</u>
Gas	\$ 2,323
Water	25,243
Sewer	81,647
<u>Total</u>	<u>\$ 109,213</u>

NOTE (9) - CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended June 30, 2023.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Compensated absences payable at 7/01/22	\$ 31,860	\$ 18,629	\$ 50,489
Increase (decrease)	7,026	(1,127)	5,899
Compensated absences payable at 6/30/23	38,886	17,502	56,388
Due within one year	\$ -	\$ -	\$ -

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE (10) - INTERFUND TRANSFERS

Transfers consisted of the following at June 30, 2023:

	Transfers In	Transfers Out
Major Funds		
Governmental Funds		
General Fund	\$ -	\$ 19,045
Proprietary Funds		
Gas Fund	18,477	-
Water Fund	670	195
Sewer Fund	93	-
	\$ 19,240	\$ 19,240

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

NOTE (11) - RISK MANAGEMENT

The Town is exposed to risks of loss in the areas of general and auto liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in insurance coverage during the year.

NOTE (12) - FUND BALANCE CONSTRAINTS

The constraints on fund balance as listed in aggregate in the Statement of Revenues, Expenditures, and Changes in Fund Balances are detailed according to balance classification and fund.

	General Fund	Sales Tax	Total
Fund Balances:			
Nonspendable:	\$ -	\$ -	\$ -
Restricted:	-	2,385,360	2,385,360
Committed:	-	-	-
Assigned:	-	-	-
Unassigned:	851,480	-	851,480
Total fund balances	\$ 851,480	\$ 2,385,360	\$ 3,236,840

NOTE (13) - CONTINGENCIES

At June 30, 2023, the Town is involved in one lawsuit. In the opinion of management and/or legal counsel for the Town of Krotz Springs, resolution of this lawsuit will not involve any material liability to the Town of Krotz Springs.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

The Town is involved in a civil matter with the Municipal Police Employees' Retirement System (MPERS). It is reasonably possible that the Town could have to pay MPERS for unpaid retirement contributions, but there is no estimate of the exposure. No liability has been recorded as of June 30, 2023.

NOTE (14) – TAX ABATEMENTS

The local government is subject to certain property tax abatements granted by the Louisiana State Board of Commerce and Industry (the "State Board"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the government may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). For the year ending June 30, 2023, the Town participated in the Industrial Tax Exemption Program.

Under the ITEP, as authorized by Article 7, Section 21(F) of the Louisiana Constitution and Executive Order Number JBE 2016-73, companies that qualify as manufacturers can apply to the State Board for a property tax exemption on all new property, as defined, used in the manufacturing process. Under the ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of \$5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by the State Board. In the case of the local government, these state-granted abatements have resulted in reductions of property taxes, which the assessor administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fail to fulfill its commitments under the agreement. Taxes abated via the Industrial Tax Exemption Program for the fiscal year ended June 30, 2023 totaled \$21,386.

NOTE (15) – ACT 706 – SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS AND OTHER PAYMENTS TO ENTITY HEAD

Under Act 706, the Town of Krotz Springs, Louisiana is required to disclose the compensation, reimbursements, benefits, and other payments made to the mayor, in which the payments are related to the position. The following is a schedule of payments made to the mayor for the year ended June 30, 2023.

Agency Head Name: Carroll Snyder, Mayor

Purpose	Amount
Salary	0
Benefits-insurance	0
Benefits-retirement	0
Benefits-other	0
Car allowance	3,600
Vehicle provided by government	0
Per diem	18,000
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses*	0
Special meals	0

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes	\$ 502,123	\$ 769,581	\$ 793,543	\$ 23,962
Licenses and permits	60,931	69,735	73,236	3,501
Intergovernmental	282,650	70,354	183,445	113,091
Charges for services	10,348	15,617	16,029	412
Fines and forfeits	294,011	273,819	302,449	28,630
Investment income	3,424	4,155	5,108	953
Miscellaneous	12,320	16,042	10,651	(5,391)
<u>Total revenues</u>	<u>1,165,807</u>	<u>1,219,303</u>	<u>1,384,461</u>	<u>165,158</u>
<u>EXPENDITURES</u>				
<u>Current operating</u>				
General and administrative	539,773	623,509	566,603	56,906
Street department	125,392	93,375	87,272	6,103
Police department	622,812	651,910	701,656	(49,746)
Recreation department	10,134	35,148	65,266	(30,118)
Debt service	9,992	-	-	-
Capital outlay	59,285	95,591	115,169	(19,578)
<u>Total expenditures</u>	<u>1,367,388</u>	<u>1,499,533</u>	<u>1,535,966</u>	<u>(36,433)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>				
	<u>(201,581)</u>	<u>(280,230)</u>	<u>(151,505)</u>	<u>128,725</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	279,691	545,784	-	(545,784)
Transfers out	(22,620)	(212,486)	(19,045)	193,441
Inception of capital lease	36,877	-	-	-
<u>Total other financing sources (uses)</u>	<u>293,948</u>	<u>333,298</u>	<u>(19,045)</u>	<u>(352,343)</u>
<u>NET CHANGE IN FUND BALANCE</u>				
	92,367	53,068	(170,550)	(223,618)
<u>FUND BALANCE, beginning of year</u>				
	<u>1,022,030</u>	<u>1,022,030</u>	<u>1,022,030</u>	<u>-</u>
<u>FUND BALANCE, end of year</u>				
	<u>\$ 1,114,397</u>	<u>\$ 1,075,098</u>	<u>\$ 851,480</u>	<u>\$ (223,618)</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Taxes				
Sales tax collections	\$ 391,405	\$ 453,693	\$ 477,488	\$ 23,795
Investment income				
Interest income	3,012	1,800	9,707	7,907
<u>Total revenues</u>	<u>394,417</u>	<u>455,493</u>	<u>487,195</u>	<u>31,702</u>
<u>EXPENDITURES</u>				
Current operating				
General and administrative				
Collection fees	4,000	5,000	4,404	596
<u>Total expenditures</u>	<u>4,000</u>	<u>5,000</u>	<u>4,404</u>	<u>596</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>				
	<u>390,417</u>	<u>450,493</u>	<u>482,791</u>	<u>32,298</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(279,691)	(350,000)	-	350,000
<u>Total other financing uses</u>	<u>(279,691)</u>	<u>(350,000)</u>	<u>-</u>	<u>350,000</u>
<u>NET CHANGE IN FUND BALANCE</u>				
	<u>\$ 110,726</u>	<u>\$ 100,493</u>	482,791	<u>\$ 382,298</u>
<u>FUND BALANCE, beginning of year</u>			<u>1,902,569</u>	
<u>FUND BALANCE, end of year</u>			<u>\$ 2,385,360</u>	

PENSION PLAN SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

Schedule for Municipal Employee Retirement System:

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2023	0.339936%	\$ 298,459	\$ 267,830	111.44%	69.56%
2022	0.365569%	211,777	280,944	75.38%	79.14%
2021	0.329450%	298,556	255,310	116.94%	66.26%
2020	0.275113%	240,673	210,314	114.44%	66.14%
2019	0.260182%	220,070	194,375	113.22%	65.60%
2018	0.326744%	282,710	240,713	117.45%	62.49%
2017	0.303795%	251,818	223,195	112.82%	63.34%
2016	0.293065%	199,181	220,960	90.14%	66.18%
2015	0.358330%	165,689	189,016	87.66%	76.49%

Schedule for Municipal Police Employee Retirement System:

Date*	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Net Pension Liability
2023	0.000000%	\$ -	\$ -	0.00%	70.80%
2022	0.000000%	-	-	0.00%	84.09%
2021	0.000000%	-	-	0.00%	70.94%
2020	0.000000%	-	-	0.00%	71.01%
2019	0.000000%	-	-	0.00%	71.89%
2018	0.006713%	58,607	-	0.00%	70.08%
2017	0.009894%	92,735	26,624	348.31%	66.04%

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

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to required supplementary information.

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

Schedule for Municipal Employee Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	\$ 48,478	\$ 48,479	\$ (1)	\$ 312,759	15.50%
2022	41,514	41,511	3	267,830	15.50%
2021	43,546	43,621	(75)	280,944	15.50%
2020	35,743	35,466	277	255,310	14.00%
2019	29,444	29,444	-	210,314	14.00%
2018	25,755	25,548	207	194,375	13.25%
2017	26,434	26,678	(244)	240,713	11.00%
2016	21,204	20,664	540	223,195	9.50%
2015	20,991	20,982	9	220,960	9.50%

Schedule for Municipal Police Employee Retirement System:

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2023	\$ -	\$ -	\$ -	\$ -	0.0%
2022	-	-	-	-	0.0%
2021	-	-	-	-	0.0%
2020	-	-	-	-	0.0%
2019	-	-	-	-	0.0%
2018	-	-	-	-	0.0%
2017	6,363	5,863	500	20,040	31.8%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See notes to required supplementary information.

TOWN OF KROTZ SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

(1) BUDGETS AND BUDGETARY ACCOUNTING

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

1. A public meeting is scheduled by the Town Council after allowing for at least 10 days notice to the public at the time the budget is initially submitted to the Town Council.
2. The budget must be finally adopted by the Council no later than the last day of the preceding fiscal year.
3. The Mayor and Town Council may authorize transfers of budgetary amounts within departments and revisions requiring alteration of levels of expenditures or transfers between departments.
4. Operating appropriations, to the extent not expended or encumbered, lapse at year-end. Capital appropriations continue in force until the project is completed or deemed abandoned.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(2) PENSION PLANS

Changes of assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan.

(3) EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2023, the following fund had actual expenditures over appropriations:

Fund	Final Budget	Actual	Excess
General Fund	\$ 1,499,533	\$ 1,535,966	\$ (36,433)

OTHER SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund. The General Fund has a greater number and variety of revenue sources than any other fund, and its resources normally finance a wider range of activities. The resources of the General Fund are ordinarily largely expended and replenished on an annual basis.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<u>TAXES</u>			
Property taxes	\$ 486,274	\$ 483,350	\$ (2,924)
Franchise - Electric	282,791	309,977	27,186
Franchise - Cable television	516	216	(300)
<u>Total taxes</u>	<u>769,581</u>	<u>793,543</u>	<u>23,962</u>
<u>LICENSES AND PERMITS</u>			
Liquor licenses	3,155	3,155	-
Insurance licenses	31,234	31,700	466
Occupational licenses	29,146	29,771	625
Building and moving permits	6,200	8,610	2,410
<u>Total licenses and permits</u>	<u>69,735</u>	<u>73,236</u>	<u>3,501</u>
<u>INTERGOVERNMENTAL</u>			
State beer tax	3,844	2,307	(1,537)
Housing authority	2,272	1,972	(300)
Video poker fees	42,320	54,614	12,294
Racino income	21,680	26,545	4,865
Spillway	238	238	-
Supplemental pay	-	47,769	47,769
Federal grants	-	50,000	50,000
<u>Total intergovernmental</u>	<u>70,354</u>	<u>183,445</u>	<u>113,091</u>
<u>CHARGES FOR SERVICES</u>			
Building and park rental	7,475	7,925	450
Recreation income	7,472	7,265	(207)
Library income	670	839	169
<u>Total charges for services</u>	<u>15,617</u>	<u>16,029</u>	<u>412</u>
<u>FINES AND FORFEITS</u>			
Court fines	273,819	302,449	28,630
<u>Total fines and forfeits</u>	<u>273,819</u>	<u>302,449</u>	<u>28,630</u>
<u>INVESTMENT INCOME</u>			
Interest income	4,155	5,108	953
<u>Total investment income</u>	<u>4,155</u>	<u>5,108</u>	<u>953</u>

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF REVENUES
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>MISCELLANEOUS</u>			
Grass cutting	\$ 5,665	\$ -	\$ (5,665)
Other	<u>10,377</u>	<u>10,651</u>	<u>274</u>
<u>Total miscellaneous</u>	<u>16,042</u>	<u>10,651</u>	<u>(5,391)</u>
<u>Total revenues</u>	<u>\$ 1,219,303</u>	<u>\$ 1,384,461</u>	<u>\$ 165,158</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>GENERAL AND ADMINISTRATIVE</u>			
<u>Personal services</u>			
Salaries	\$ 177,382	\$ 178,860	\$ (1,478)
Mayor and council	42,600	42,775	(175)
Payroll taxes	15,529	15,555	(26)
Retirement	15,234	14,520	714
<u>Supplies</u>			
Supplies and postage	84,667	80,849	3,818
Uniforms	7,153	5,249	1,904
<u>Other</u>			
Insurance	49,041	38,472	10,569
Utilities	21,588	19,269	2,319
Conventions and conferences	5,031	6,663	(1,632)
Telephone	24,524	10,293	14,231
Legal and professional	81,226	50,386	30,840
Repairs and maintenance	49,153	44,790	4,363
Miscellaneous	34,913	44,353	(9,440)
Publications and notices	819	1,470	(651)
Dues and subscriptions	6,775	5,514	1,261
Pest control	1,025	890	135
Lease expense	1,384	1,072	312
Bank charges	-	25	(25)
Coroner fees	1,986	1,636	350
Meals	3,479	3,962	(483)
<u>Capital outlay</u>			
Equipment & vehicles, Building and improvements	51,889	38,252	13,637
<u>Total general and</u> <u>administrative</u>	<u>\$ 675,398</u>	<u>\$ 604,855</u>	<u>\$ 70,543</u>

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>STREET DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	\$ 7,447	\$ 7,902	\$ (455)
Payroll taxes	583	620	(37)
<u>Supplies</u>			
Gasoline	23,828	24,595	(767)
Supplies	15,747	15,051	696
<u>Other</u>			
Repairs and maintenance	19,739	17,648	2,091
Insurance	6,894	5,694	1,200
Telephone	750	730	20
Miscellaneous	854	654	200
Meals	947	862	85
Mosquito abatement	6,215	5,115	1,100
Building lease	200	100	100
Utilities	10,171	8,301	1,870
<u>Capital outlay</u>			
Equipment	3,015	17,750	(14,735)
<u>Total street department</u>	<u>\$ 96,390</u>	<u>\$ 105,022</u>	<u>\$ (8,632)</u>
<u>POLICE DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	423,224	420,140	3,084
Payroll taxes	36,111	35,821	290
Supplemental pay	-	47,769	(47,769)
<u>Supplies</u>			
Office supplies and postage	924	554	370
Supplies	2,566	2,572	(6)
Uniforms	1,686	1,447	239
Gasoline	21,481	21,851	(370)
<u>Other</u>			
Insurance	107,148	108,613	(1,465)
Telephone	8,540	8,460	80

Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<u>POLICE DEPARTMENT - Continued</u>			
<u>Other - Continued</u>			
Repairs and maintenance	\$ 18,878	\$ 17,592	\$ 1,286
Prisoners' meals	358	450	(92)
Auto expense	9,983	12,725	(2,742)
Dues and subscriptions	7,645	10,053	(2,408)
Conventions and conferences	1,303	2,072	(769)
Miscellaneous	1,488	743	745
Legal and professional	7,620	7,573	47
Drug testing	475	488	(13)
LA Community Law Enforcement	2,242	2,595	(353)
LA Supreme Court	238	138	100
<u>Capital outlay</u>			
Vehicles & Equipment	<u>40,687</u>	<u>40,687</u>	<u>-</u>
<u>Total police department</u>	<u>\$ 692,597</u>	<u>\$ 742,343</u>	<u>\$ (49,746)</u>
 <u>RECREATION DEPARTMENT</u>			
<u>Personal services</u>			
Salaries	3,600	5,400	(1,800)
<u>Supplies</u>			
Supplies	1,729	13,504	(11,775)
Uniforms	-	3,506	(3,506)
Concession Supplies	4,304	5,760	(1,456)
Park Supplies	1,323	1,023	300
<u>Other</u>			
Utilities	5,296	7,047	(1,751)
Insurance	-	13,382	(13,382)
Accounting and audit	181	6,423	(6,242)
Repairs and maintenance	17,744	6,607	11,137
Travel	221	121	100
Miscellaneous	750	2,493	(1,743)
<u>Capital outlay</u>			
Equipment	<u>-</u>	<u>18,480</u>	<u>(18,480)</u>
<u>Total recreation department</u>	<u>\$ 35,148</u>	<u>\$ 83,746</u>	<u>\$ (48,598)</u>
<u>Total expenditures</u>	<u>\$ 1,499,533</u>	<u>\$ 1,535,966</u>	<u>\$ (36,433)</u>

OTHER SUPPLEMENTARY SCHEDULES

TOWN OF KROTZ SPRINGS, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

GAS FUND

Personal services

Salaries	\$ 60,666
Payroll taxes	4,598
Compensated absences	(712)
Retirement	9,318

Contractual services

Gas purchases	159,566
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Supplies

Office supplies and postage	5,880
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Other

Repairs and maintenance	3,473
Insurance	24,613
Miscellaneous	491
Legal and professional	7,966
Dues and subscriptions	125
Pipeline fees	400
Workshops and training	6,075

Depreciation

2,323

Total gas fund

\$ 284,782

WATER FUND

Personal services

Salaries	\$ 136,739
Payroll taxes	10,484
Compensated absences	(464)
Retirement	31,200

Supplies

Materials and supplies	10,094
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Continued on next page.

TOWN OF KROTZ SPRINGS, LOUISIANA
ENTERPRISE FUNDS
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023

WATER FUND - Continued

Other

Dues and subscriptions	\$ 4,376
Repairs and maintenance	31,687
Insurance	62,325
Legal and professional	21,200
Utilities	22,893
Miscellaneous	3,220
Water pollution control fee	5,178
Workshops and training	1,670
Uniforms	2,603

Depreciation 25,243

Total water fund \$ 368,448

SEWER FUND

Personal services

Salaries	\$ 38,507
Payroll taxes	2,960
Compensated absences	51
Retirement	7,055

Contractual services

Survey expense	4,319
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Supplies

Office supplies and postage	1,107
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Other

Repairs and maintenance	15,837
Insurance	19,010
Legal and professional	7,066
Utilities	15,012
Miscellaneous	145
Uniforms	1,252
Workshops and training	392

Depreciation 81,647

Total sewer fund \$ 194,360

TOWN OF KROTZ SPRINGS, LOUISIANA
COMBINED SCHEDULE OF INVESTMENTS – ALL FUNDS
JUNE 30, 2023

<u>GENERAL FUND</u>	<u>INTEREST RATES</u>	<u>MATURITY</u>	<u>TOTAL BOOK VALUE</u>
Certificate of Deposit American Bank and Trust Co.	1.40%	1/3/2024	\$ 100,000
Certificate of Deposit American Bank and Trust Co.	1.40%	1/3/2024	50,000
Certificate of Deposit American Bank and Trust Co.	3.75%	12/8/2023	75,000
 <u>SALES TAX FUND</u>			
Certificate of Deposit American Bank and Trust Co.	3.75%	12/8/2023	100,000
Certificate of Deposit American Bank and Trust Co.	3.75%	12/8/2023	150,000
Certificate of Deposit American Bank and Trust Co.	3.75%	12/8/2023	150,000
Investment in Louisiana Asset Management Pool	N/A	N/A	126,836
 <u>ENTERPRISE FUNDS</u>			
Certificate of Deposit American Bank and Trust Co.	3.00%	9/30/2023	83,190
Certificate of Deposit American Bank and Trust Co.	3.75%	12/8/2023	96,132
Investment in Louisiana Asset Management Pool	N/A	N/A	537,655
Investment in Louisiana Asset Management Pool	N/A	N/A	413,885
Investment in Louisiana Asset Management Pool	N/A	N/A	63,418
Investment in Louisiana Asset Management Pool	N/A	N/A	91,322
Investment in Louisiana Asset Management Pool	N/A	N/A	15,614
 <u>Total</u>			 <u>\$ 2,053,052</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
(UNAUDITED)
JUNE 30, 2023

<u>POLICY NUMBER</u>	<u>INSURER</u>	<u>ASSETS COVERED</u>	<u>TYPE OF COVERAGE</u>	<u>LIMITS OF COVERAGE</u>	<u>EFFECTIVE DATES</u>	
					<u>FROM</u>	<u>TO</u>
5X0954823	Employer's Mutual Casualty Company	Blanket policy on building occupied as police station, jail and city hall and contents, and buildings in parks	Commercial Property Coverage	Various	3/14/2023	3/14/2024
70-1148-2022-17808	Louisiana Municipal Risk Management Agency	Workmen's Compensation	Workmen's Compensation	\$500,000	2/16/2023	2/16/2024
LMA2200023	Lane & Associates Inc.	Various autos	Physical damage policy	Various	2/14/2023	2/14/2024
CPS7327366	Lane & Associates Inc.	2006 Volvo EC35 excavator 2012 Case Loader/Backhoe	Physical damage policy	\$89,957	3/16/2023	3/16/2024
100-1148-2021-17827	Louisiana Municipal Risk Management Agency	Various autos	Uninsured motorists, collision, property coverage	\$1,000,000	3/14/2023	3/14/2024
100-1148-2021-17827	Risk Management Inc.	Law Enforcement Professional Liability	Personal injury & Property damage	\$500,000	3/14/2023	3/14/2024
100-1148-2021-17827	Risk Management Inc.	Public Official's Liability Policy	Errors & Omissions	\$500,000	3/14/2023	3/14/2024
100-1148-2021-17827	Risk Management Inc.	General Liability	Bodily injury & Property damage	\$500,000	3/14/2023	3/14/2024
6AGP0000007260600	Nationwide Life Insurance Company	Summer recreation program	Liability policy	\$5,000	3/30/2023	3/30/2024

TOWN OF KROTZ SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING BODY
FOR THE YEAR ENDED JUNE 30, 2023

COMPENSATION TO BOARD MEMBERS

The compensation of the Town of Krotz Springs' governing body is included in the general administrative expenditures of the General Fund. The Mayor is paid \$1,800 per month and the board members are paid \$250 per month. Board members are also paid \$125 for any special meetings attended.

		<u>COMPENSATION</u>
Carroll Snyder, Mayor	July - June	\$ 21,600
Cynthia Stelly, Alderwoman	July - June	4,025
Nyssa Godwin, Alderwoman	July - June	4,375
Craig Burghdoff, Alderman	July - June	4,375
Keith Ardoin, Alderman	July - June	4,375
Larry Martinez, Alderman	July - June	<u>4,025</u>
		<u>\$ 42,775</u>

TOWN OF KROTZ SPRINGS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE-COLLECTING/DISBURSING SCHEDULE
AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
JUNE 30, 2023

	First Six Month Period Ended 12/31/22	Second Six Month Period Ended 06/30/2023
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	4,155	6,123
Criminal Fines - Other	165,160	186,265
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	3,753	6,715
Subtotal Collections	<u>174,930</u>	<u>139,297</u>
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and		
<i>Department of Health & Hospitals, Traumatic Head & Spine Cord Injury Trust</i>		
<i>Fund, Criminal Court Costs/Fees</i>	1,915	2,750
<i>Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees</i>	1,015	1,374
<i>Louisiana Supreme Court, Criminal Court Costs/Fees</i>	275	597
<i>State of Louisiana, Trial Court Management Information System, Criminal Court</i>		
<i>Costs/Fees</i>	475	701
<i>St. Landry Crime Stoppers, Criminal Court Costs/Fees</i>	475	701
Less: Amounts Retained by Collecting Agency		
Self Disbursed to Town of Krotz Springs, Criminal Fines, other	165,160	186,265
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	3,753	6,715
Subtotal Disbursements/Retainage	<u>\$ 174,930</u>	<u>\$ 139,297</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>-</u>	<u>-</u>
Ending Balance of "Partial Payments" Collected but not Disbursed (only		
<i>applies if collecting agency does not disburse partial payments until fully collected)</i>		
<i>- This balance is included in the Ending Balance of Amounts Collected but not</i>		
<i>Disbursed/Retained above.</i>	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable		
balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable		
balances, such as time served or community service)	-	-

TOWN OF KROTZ SPRINGS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE-RECEIVING SCHEDULE
AS REQUIRED BY ACT 87 OF THE REGULAR LEGISLATIVE SESSION
CASH BASIS PRESENTATION
JUNE 30, 2023

First Six Month Period Ended 12/31/22	Second Six Month Period Ended 06/30/23
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Receipts From: *(Must include one agency name and one collection type - see below - on each line and may require multiple lines for the same agency. Additional rows may be added as necessary.)*

Louisiana Department of Public Safety and Corrections, Criminal

Court Costs/Fees

	\$ 425		\$ 288
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Subtotal Receipts

	\$ 612		\$ 724
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Ending Balance of Amounts Assessed but Not Received *(only applies to those agencies that assess on behalf of themselves, such as courts)*

-	-
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Collection Types to be used in the "Receipts From:" section above
Civil Fees
Bond Fees
Asset Forfeiture/Sale
Pre-Trial Diversion Program Fees
Criminal Court Costs/Fees
Criminal Fines - Contempt
Criminal Fines - Other
Restitution
Probation/Parole/Supervision Fees
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)
Interest Earnings on Collected Balances
Other <i>(do not include collections that fit into more specific categories above)</i>

Champagne & Company, LLC

Certified Public Accountants

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Kaylee Champagne Frederick, CPA

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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 Carroll Snyder, Mayor
and Members of the Board of Aldermen
Krotz Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Krotz Springs, Louisiana, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Krotz Springs, Louisiana's basic financial statements, and have issued our report thereon dated November 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Krotz Springs, Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 Town of Krotz Springs, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Krotz Springs, Louisiana's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Krotz Springs, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan as item 2023-001.

Town of Krotz Springs, Louisiana's Response to Findings

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

Purpose of this Report

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

Champagne & Company, LLC

Certified Public Accountants

Breaux Bridge, Louisiana
November 8, 2023

TOWN OF KROTZ SPRINGS, LOUISIANA

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

I. Prior year Findings:

Internal Control Over Financial Reporting

There were no matters involving the internal control over financial reporting to be reported.

Compliance:

2022-001 – Noncompliance with Louisiana Local Government Budget Act

Finding: The Town revenues and other sources of the General Fund failed to meet the budgeted revenue by approximately 8.1%.

Status: Unresolved. See item 2023-001

2022-002 – Noncompliance with Louisiana Local Government Budget Act

:
Finding: The Town expenditures and other uses of the Sales Tax Fund exceeded the budgeted expenditures and other uses by approximately 10.0%.

Status: Resolved.

Management Letter:

There were no management letter items to be reported.

II. Current Year Findings and Management Corrective Action Plan:

Internal Control Over Financial Reporting

There were no matters involving the internal control over financial reporting to be reported.

Compliance:

2023-001 – Noncompliance with Louisiana Local Government Budget Act; Year Initially Occurred - 6/30/2022

Condition and Criteria:

Louisiana Revised Statute (LSA-R.S.) 39:1301-1315, known as the Local Government Budget Act, requires that the budget be amended when actual revenues and other sources plus projected revenues and other sources are failing to meet the budgeted revenues and other sources by five percent or more. The Town revenues and other sources of the General Fund failed to meet the budgeted revenue by approximately 21.6%

(continued)

TOWN OF KROTZ SPRINGS, LOUISIANA

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

Effect:

This condition represents a violation of the Louisiana Local Government Budget Act.

Cause:

The condition resulted because the Town did not make budgeted transfers before the end of the year.

Recommendation:

The Town should evaluate the revenues and other sources incurred as the year progresses and amend the budget, if necessary, or fund budgeted transfers prior to the end of the year.

Management's Corrective Action Plan:

Mr. Carroll Snyder, Mayor and Mrs. Suzanne Belleau, Town Clerk, will monitor revenue and other sources incurred in comparison to budgeted revenues and other sources in the current fiscal year, and amend the budget as necessary, or fund budgeted transfers prior to the end of the year.

Management Letter:

There were no management letter items to be reported.

TOWN OF KROTZ SPRINGS

Krotz Springs, Louisiana

Statewide Agreed-Upon Procedures Report

Year Ended June 30, 2023

Champagne & Company, LLC

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Management of Town of Krotz Springs and the Louisiana Legislative Auditor:

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

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

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
No exceptions noted.

- iii. **Disbursements**, including processing, reviewing, and approving.
No exceptions noted.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
No exceptions noted.
- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
No exceptions noted.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions noted.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions noted.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions noted.
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
No exceptions noted.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
No exceptions noted.
- 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.
No exceptions noted.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
No exceptions noted.

2) Board or Finance Committee

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

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Management identified the entity's main operating account. Obtained bank statements and reconciliations for the main operating account and 4 additional accounts for one random month during the period.*
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
No exceptions noted.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
No exceptions noted.

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

Three accounts did not have documentation reflecting research of reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Obtained a listing of collection locations for each deposit site and management's representation that the listing is complete. Obtained written policies and procedures relating to employee job duties.

- i. Employees responsible for cash collections do not share cash drawers/registers;
No exceptions noted.
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
No exceptions noted.
- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
No exceptions noted.
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions noted.

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

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *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.
Two of the deposits did not have sequentially pre-numbered receipts.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
No exceptions noted.
- v. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

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

No exceptions noted.

- 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:

Obtained the entity's non-payroll disbursement transaction population and management's representation that the population is complete.

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

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

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

One of the disbursements did not have evidence/documentation that it was approved by only those persons authorized to disburse funds per the entity's policy or approved by the required number of authorized signers per the entity's policy.

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

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

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

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

One of the credit cards tested did not have evidence/supporting documentation that the monthly statement was reviewed and approved in writing by someone other than the authorized card holder.

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

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Obtained 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.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions noted.

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

No exceptions noted.

- iii. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.*

Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Obtained 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 and management's representation that the listing is complete.

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

Contracts were not required to be bid in accordance with the Louisiana Public Law; therefore, this step is not applicable.

- 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);

No exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

There were no amendments to the contracts tested; therefore, this step is not applicable.

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

No exceptions noted.

9) Payroll and Personnel

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

Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. One of the employee's paid salary did not agree to the salary in their personnel file.

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

One of the employee's rate paid did not agree to the salary within the personnel file.

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

The Town of Krotz Springs did not have any employees that received termination payments; therefore, this test was not applicable.

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

No exceptions noted.

10) Ethics

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

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

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

The Town of Krotz Springs did not issue debt during the fiscal period; therefore, this test was not applicable.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

The Town of Krotz Springs does not have debt; therefore, this test was not applicable.

12) Fraud Notice

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

The Town of Krotz Springs did not have misappropriations of public funds and assets during the fiscal period; therefore, this step is not applicable.

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

No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

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

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed results with management.

14) Prevention of Sexual Harassment

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

We are required to be independent of the Town of Krotz Springs 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.

Champagne & Company, LLC
Certified Public Accountants

Breaux Bridge, Louisiana
November 8, 2023

Town of Krotz Springs
Krotz Springs, Louisiana

Management's Response to Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2023

Management's Response to Items:

- | | |
|-----------|--|
| 3A-iii | Management will document research for all outstanding items greater than 12 months. |
| 4D-i | Management will keep sequentially prenumbered receipts for cash collections. |
| 5D | Management will begin having two authorized signers approve electronic disbursements and will document approval of such. |
| 6B-i | Management will begin documenting the review and approval of the statement. |
| 9A, 9B-iv | Management has now corrected the payrate in the personnel file. |