

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA

Financial Report
For the Year Ended June 30, 2023



TOWN OF FARMERVILLE, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen of the
Town of Farmerville, Louisiana

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, Louisiana (the Town), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 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

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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



Honorable Mayor and Board of Aldermen of the
Town of Farmerville, Louisiana

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of proportionate share of net pension liability, and the schedule of employer's pension contribution on pages 4 through 11 and 59 through 69, 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

Honorable Mayor and Board of Aldermen of the
Town of Farmerville, Louisiana

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, economical, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the Schedule of Compensation, Benefits and Other Payments to Agency Head, and the Act 87 Collecting and Disbursing Entity Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund statements, Schedule of Compensation, Benefits and Other Payments to Agency Head and the Act 87 Collecting and Disbursing Entity Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2023, on my consideration of the Town's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Maxwell CPA, LLC

Sterlington, Louisiana
December 28, 2023

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF FARMERVILLE, LOUISIANA

Management's Discussion and Analysis Year Ended June 30, 2023

As management of the Town of Farmerville, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements. The intent of this discussion and analysis is to look at the Town's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Farmerville, on a government-wide basis, exceeded its liabilities at the close of the fiscal year by \$21,297,621 (net position).
- At the end of the current fiscal year, the Town of Farmerville's governmental funds reported combined ending fund balances of \$6,483,507.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,744,226 or 76% of the total general fund expenditures.
- The general fund reported a deficit of \$314,511 before transfers, and a surplus of \$126,950 after transfers.
- The Town completed many projects that included improvements to infrastructure. The additions and improvements to the Town's Capital Assets totaled \$4,012,318 in the current year.
- The Town's bonded debt had a net decrease of \$308,152 mostly due to a new bond issuance. Total bonded debt at June 30, 2023 was \$6,747,537.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Farmerville's basic financial statements. The Town's basic financial statements comprise three components:

- *Government-wide financial statements,*
- *Fund financial statements,*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the public utilities (water and sewer).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current financial resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2003, the new focus is on both the Town as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Town's finances. The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. The fund financial statements focus on the individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Town's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town of Farmerville as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Town's net position and how they have changed. Net position – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. Other non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads and other infrastructure may need to be considered to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two categories:

- Governmental activities – Most of the Town's basic services are included here, such as the activities of the police, fire, public works, social services, parks and recreation departments, and general administration. Sales taxes and grants finance most of these activities.
- Business-type activities – The Town charges fees to customers to cover the cost of certain services it provides. The Town's water and sewer are included here.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting mechanisms that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds:

- Governmental funds – Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but they provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources), which is reflected at the bottom of or following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bond and others) into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The Town's combined net position for the 2022-2023 fiscal year increased by \$963,248. Table 1 shows the statement of net position for the year ending 2022 and the year ending 2023. The table also shows the net position for governmental activities, business type activities and combines them into the total primary government.

Statement of Net Position

The following table reflects the condensed statement of net position:

Net Position of Governmental and Business Type Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
<u>Assets</u>						
Current Assets	\$ 8,536,763	\$ 7,138,282	\$ 1,692,730	\$ 1,081,461	\$ 10,229,493	\$ 8,219,743
Capital Assets, Net	9,156,886	12,268,107	11,378,234	11,085,791	20,535,120	23,353,898
Total Assets	17,693,649	19,406,389	13,070,964	12,167,252	30,764,613	31,573,641
<u>Deferred Outflows</u>						
<u>of Resources</u>	415,171	906,667	130,357	284,013	545,528	1,190,680
<u>Liabilities</u>						
Current Liabilities	658,912	1,101,434	667,706	555,355	1,326,618	1,656,789
Non-Current Liabilities	6,151,155	6,648,122	2,729,260	2,899,125	8,880,415	9,547,247
Total Liabilities	6,810,067	7,749,556	3,571,254	3,454,480	10,381,321	11,204,036
<u>Deferred Inflows</u>						
<u>of Resources</u>	584,687	210,892	184,048	51,772	768,735	262,664
<u>Net Position</u>						
Net Investment						
in Capital Assets	4,243,932	7,547,231	9,157,605	8,938,334	13,401,537	16,485,565
Restricted	-	-	559,052	476,291	559,052	476,291
Unrestricted	6,470,134	4,805,377	(96,350)	(469,612)	6,373,784	4,335,765
Total Net Position	\$10,714,066	\$ 12,352,608	\$ 9,620,307	\$ 8,945,013	\$ 20,334,373	\$ 21,297,621

Net position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Town of Farmerville's assets exceeded liabilities by \$21,297,621 at the close of the fiscal year.

Approximately \$476,000 of the Town's net position is subject to restrictions.

Governmental Activities

Net position of the Town's governmental activities increased from \$10,714,066 to \$12,352,608.

Business-type Activities

Net position of the Town's business-type activities decreased from \$9,620,307 to \$8,945,013.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business-type activities:

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues						
Charges for Services	\$ 562,367	\$ 650,885	\$ 1,869,779	\$ 2,018,757	\$ 2,432,146	\$ 2,669,642
Operating Grants and Contributions	132,539	-	-	-	132,539	-
Capital Grants and Contributions	687,371	688,490	778,998	21,034	1,466,369	709,524
General Revenues						
Property Taxes	783,742	798,408	-	-	783,742	798,408
Sales Taxes	2,656,443	2,926,194	-	-	2,656,443	2,926,194
Intergovernmental	254,810	207,311	-	-	254,810	207,311
Fines and Forfeitures	62,114	64,227	-	-	62,114	64,227
Franchise	224,496	239,412	-	-	224,496	239,412
Licenses and Permits	247,099	310,609	-	-	247,099	310,609
Miscellaneous	322,968	547,597	309,609	46,318	632,577	593,915
Sales of Assets	-	11,300	-	18,200	-	29,500
Interest Earned	54,608	70,708	13,535	8,154	68,143	78,862
Total Revenues	<u>5,988,557</u>	<u>6,515,141</u>	<u>2,971,921</u>	<u>2,112,463</u>	<u>8,930,478</u>	<u>8,627,604</u>
Expenses						
General Government	3,248,062	2,911,283	-	-	3,248,062	2,911,283
Public Safety	1,562,183	1,843,499	-	-	1,562,183	1,843,499
Culture and Recreation	-	-	-	-	-	-
Interest on Long-Term Debt	44,713	121,924	-	-	44,713	121,924
Utilities	-	-	2,587,783	2,787,650	2,587,783	2,787,650
Total Expenses	<u>4,854,958</u>	<u>4,876,706</u>	<u>2,587,783</u>	<u>2,787,650</u>	<u>7,442,741</u>	<u>7,664,356</u>
Increase (Decrease) in Net Position Before Transfers	1,133,599	1,638,435	384,138	(675,187)	1,517,737	963,248
Transfers	<u>(3,752)</u>	<u>107</u>	<u>3,752</u>	<u>(107)</u>	<u>-</u>	<u>-</u>
Increase/Decrease in Net Position	\$ 1,129,847	\$ 1,638,542	\$ 387,890	\$ (675,294)	\$ 1,517,737	\$ 963,248

Governmental Activities

The Town's total revenues from governmental activities increased from \$5,988,557 (year end 2022) to \$6,515,141 (year end 2023). The largest source of the increase in the current year revenues is from an increase in sales taxes collected. Farmerville's largest source of general revenue (\$3,964,014) is taxes, composed of property tax, sales tax, insurance premium taxes, and beer tax.

Sixty-one percent of the Town's revenue from governmental activities comes from these taxes. Capital Grants (\$688,490) was the second largest revenue source for governmental activities.

The Town's expenses from governmental activities for the fiscal year ended June 30, 2023 were \$4,876,706, an increase of \$21,748 from year end 2022. These expenses cover a wide range of services with the largest being public safety \$1,843,499 or 38%, and general government \$2,911,283 or 60%.

Business-Type Activities

The total revenues from business-type activities were \$2,112,463 for the fiscal year ended June 30, 2023. Charges for services increased by approximately \$149,000. Expenses for the Town's business-type activities were \$2,787,650.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The Town of Farmerville uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,483,507.

The general fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance of the general fund was \$2,744,226. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 76% of the total general fund expenditures. Due to the uncertain economic conditions, expenditures were closely monitored and correlated to revenues received.

The Town spent a total of \$3,692,889 (including capital outlay) out of the Sales Tax Fund for repairs and maintenance to streets. This amount increased by \$2,721,706 from last year.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net position of the Water Fund at the end of the year was \$4,768,499. The fund had an operating loss for the year of \$653,221 after depreciation.

Net position of the Sewer Fund at the end of the year was \$4,176,514. The fund had an operating loss for the year of \$68,588 after depreciation.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget once. The difference between the original expenditure budget and the actual amount of expenditures was an increase of \$432,836. Actual total revenues were \$406,188 more than the original budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table shows the Capital Assets (net of depreciation) of the governmental and business type activities:

	Capital Assets					
	Governmental		Business-Type		Total Primary	
	Activities		Activities		Government	
	2022	2023	2022	2023	2022	2023
Land	\$ 374,086	\$ 574,086	\$ 25,752	\$ 25,752	\$ 399,838	\$ 599,838
Construction in Progress	195,534	3,114,073	1,111,550	234,964	1,307,084	3,349,037
Buildings	1,645,942	1,851,821	-	-	1,645,942	1,851,821
Improvements	723,495	748,151	-	-	723,495	748,151
Equipment	1,476,394	1,271,722	-	-	1,476,394	1,271,722
Infrastructure	4,741,435	4,663,210	-	-	4,741,435	4,663,210
Water System	-	-	4,370,361	6,612,845	4,370,361	6,612,845
Sewer System	-	-	5,870,571	4,212,230	5,870,571	4,212,230
Total	\$ 9,156,886	\$ 12,223,063	\$ 11,378,234	\$ 11,085,791	\$ 20,535,120	\$ 23,308,854

The Town of Farmerville's investment in Capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$23,308,854 (net of depreciation). This is an increase of \$2,773,734 from last year. This investment includes land, construction in progress, buildings and improvements, equipment, infrastructure, water and sewer.

Long-term Debt

The following table shows the Town's outstanding debt:

	Outstanding Debt	
	2022	2023
2022 Revenue Bonds	\$ 4,135,000	\$ 3,985,000
2010 Revenue Bonds	260,000	235,000
2016 Revenue Bonds	355,000	316,000
USDA Loan	85,061	64,080
Sewer Revenue Bonds	210,000	190,000
USDA Loan	2,001,409	1,957,457
USDA Loan	9,219	-
Vacation, Sick & Comp Time	103,568	99,904
Total	\$ 7,159,257	\$ 6,847,441

At the end of the fiscal year, the Town of Farmerville had total debt outstanding of \$6,847,441. This is a decrease of \$311,816 in total debt.

Additional information of the Town's long-term debt can be found in Note 8 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Factors considered in preparing the Town of Farmerville's budget for the 2024 fiscal year are revenues and expenditures are expected to be similar to the prior year except for the increase in grant revenues and expenditures. With current economic conditions, tax revenues are projected to remain flat for the next fiscal year.

OTHER POST-EMPLOYMENT BENEFITS

In the year ended June 30, 2023, the Town of Farmerville has complied with requirements of Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. This statement requires that employers disclose the *Schedule of Changes in Net OPEB Liability and Related Ratios* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

PENSIONS

In the year ended June 30, 2023, the Town of Farmerville has complied with requirements of Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. This statement requires that employers disclose the *Net Pension Liability, Deferred Inflows and Deferred Outflows* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

REQUEST FOR INFORMATION

The financial report is designed to provide citizens, taxpayer, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Town Clerk, P.O. Box 427, Farmerville, Louisiana 71241.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 6,568,646	\$ 923,698	\$ 7,492,344
Receivables Net	-	272,058	272,058
Due from Other Governments	273,882	-	273,882
Prepaid Expenses	140,771	40,688	181,459
Due To/From Other Funds	154,983	(154,983)	-
Lease Asset (Net)	45,044	-	45,044
Capital Assets, Net:			
Non Depreciable Assets	3,688,159	260,716	3,948,875
Depreciable Assets	8,534,904	10,825,075	19,359,979
<u>Total Assets</u>	<u>19,406,389</u>	<u>12,167,252</u>	<u>31,573,641</u>
<u>Deferred Outflows of Resources</u>	<u>906,667</u>	<u>284,013</u>	<u>1,190,680</u>
<u>Liabilities</u>			
Accounts Payable	653,268	284,704	937,972
Accrued Liabilities	1,507	24,892	26,399
Accrued Interest Payable	23,000	-	23,000
Customer Deposits	-	177,835	177,835
Current Portion of Lease Liability	45,784	-	45,784
Current Portion of Long-Term Obligations	377,875	67,924	445,799
Non-Current Portion of Long-Term Obligations	4,297,217	2,079,533	6,376,750
Post Retirement Benefits	280,548	82,087	362,635
Net Pension Liability	2,070,357	737,505	2,807,862
<u>Total Liabilities</u>	<u>7,749,556</u>	<u>3,454,480</u>	<u>11,204,036</u>
<u>Deferred Inflows of Resources</u>	<u>210,892</u>	<u>51,772</u>	<u>262,664</u>
<u>Net Position</u>			
Net Investment in Capital Assets	7,547,231	8,938,334	16,485,565
Restricted for Debt Service	-	476,291	476,291
Unrestricted	4,805,377	(469,612)	4,335,765
<u>Total Net Position</u>	<u>\$ 12,352,608</u>	<u>\$ 8,945,013</u>	<u>\$ 21,297,621</u>

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

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

Function/Program Activities	Program Revenues				Net (Expense) Revenues and Changes in Net Position Primary Government		Total
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-Type Activities	
			Grants and Contributions	Grants and Contributions			
Government Activities:							
General Government	\$ 2,911,283	\$ 650,885	\$ -	\$ 688,490	\$ (1,571,908)	\$ -	\$ (1,571,908)
Public Safety	1,843,499	-	-	-	(1,843,499)	-	(1,843,499)
Interest on Long-Term Debt	121,924	-	-	-	(121,924)	-	(121,924)
Total Governmental Activities	4,876,706	650,885	-	688,490	(3,537,331)	-	(3,537,331)
Business-Type Activities:							
Water	2,181,431	1,492,305	-	12,903	-	(676,223)	(676,223)
Sewer	606,219	526,452	-	8,131	-	(71,636)	(71,636)
Total Business-Type Activities	2,787,650	2,018,757	-	21,034	-	(747,859)	(747,859)
Total Government	\$ 7,664,356	\$ 2,669,642	\$ -	\$ 709,524	(3,537,331)	(747,859)	(4,285,190)

General Revenues:

Taxes:			
General Government	247,394	-	247,394
Fire Department	540,589	-	540,589
Housing Authority in Lieu of Taxes	10,425	-	10,425
Sales Tax	2,926,194	-	2,926,194
Franchise Taxes	239,412	-	239,412
Licenses and Permits	310,609	-	310,609
Intergovernmental	207,311	-	207,311
Fines and Forfeitures	64,227	-	64,227
Investment Earnings	70,708	8,154	78,862
Sale of Assets	11,300	18,200	29,500
Transfers	107	(107)	-
Capital Contributions	-	-	-
Miscellaneous	547,597	46,318	593,915
Total General Revenues	5,175,873	72,565	5,248,438

Changes in Net Position	1,638,542	(675,294)	963,248
Net Position - Beginning	10,714,066	9,620,307	20,334,373
Net Position - Ending	\$ 12,352,608	\$ 8,945,013	\$ 21,297,621

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

FUND FINANCIAL STATEMENTS

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Major Funds				Total Governmental Funds
	General Fund	Sales Tax	Recreation Sales Tax	ARPA Fund	
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,599,072	\$ 1,820,252	\$ 1,154,712	\$ 994,610	\$ 6,568,646
Due from Other Governments	75,660	132,148	66,074	-	273,882
Prepaid Items	100,405	24,129	16,237	-	140,771
Due From Other Funds	154,983	163,027	-	-	318,010
<u>Total Assets</u>	<u>2,930,120</u>	<u>2,139,556</u>	<u>1,237,023</u>	<u>994,610</u>	<u>7,301,309</u>
<u>Liabilities</u>					
Accounts Payable	83,982	531,228	38,058	-	653,268
Due to Other Funds	-	-	163,027	-	163,027
Other Liabilities	1,507	-	-	-	1,507
<u>Total Liabilities</u>	<u>85,489</u>	<u>531,228</u>	<u>201,085</u>	<u>-</u>	<u>817,802</u>
<u>Fund Balances</u>					
Nonspendable	100,405	24,129	16,237	-	140,771
Restricted	-	1,584,199	1,019,701	994,610	3,598,510
Unassigned	2,744,226	-	-	-	2,744,226
<u>Total Fund Balances</u>	<u>2,844,631</u>	<u>1,608,328</u>	<u>1,035,938</u>	<u>994,610</u>	<u>6,483,507</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 2,930,120</u>	<u>\$ 2,139,556</u>	<u>\$ 1,237,023</u>	<u>\$ 994,610</u>	<u>\$ 7,301,309</u>

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

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
JUNE 30, 2023

Total Governmental Fund Balances \$ 6,483,507

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

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

Governmental Capital Assets	20,791,192
Less: Accumulated Depreciation	(8,568,129)
Lease Asset	167,432
Less: Accumulated Amortization	(122,388)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued Interest Payable	(23,000)
Lease Liability	(45,784)
USDA Bonds Payable	(64,080)
2010 Bonds	(235,000)
2022 Bonds	(3,985,000)
2016 Bonds	(316,000)
Compensated Absences	(75,012)
Net OPEB Obligation (including Deferred Inflow/Outflow)	(411,249)
Net Pension Liability (included Deferred Inflow/Outflow)	(1,243,881)

Net Position of Governmental Activities \$ 12,352,608

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

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

	Major Funds				Total Government Funds
	General Fund	Sales Tax	Recreational Sales Tax	ARPA Fund	
<u>Revenues</u>					
Property Taxes	\$ 798,408	\$ -	\$ -	\$ -	\$ 798,408
Sales Taxes	730,102	1,464,061	732,031	-	2,926,194
Franchise Taxes	239,412	-	-	-	239,412
Licenses and Permits	310,609	-	-	-	310,609
Intergovernmental	154,210	53,100	-	688,490	895,800
Charges for Services	650,885	-	-	-	650,885
Fines and Forfeits	64,227	-	-	-	64,227
Miscellaneous	325,223	6,531	30,844	-	362,598
Interest Income	40,751	17,385	8,007	4,565	70,708
Sale of Assets	-	11,300	-	-	11,300
Total Revenues	<u>3,313,827</u>	<u>1,552,377</u>	<u>770,882</u>	<u>693,055</u>	<u>6,330,141</u>
<u>Expenditures</u>					
General Government	712,144	203,717	299,995	-	1,215,856
Public Safety	1,097,785	1,435	-	-	1,099,220
Fire Department	529,264	-	-	-	529,264
Sanitation Department	732,554	-	-	-	732,554
Streets	-	489,449	-	-	489,449
Capital Outlay	470,863	3,203,440	19,155	-	3,693,458
Debt Service:					
Principal Payments	83,638	84,981	150,000	-	318,619
Interest and Other	2,090	28,588	91,246	-	121,924
Total Expenditures	<u>3,628,338</u>	<u>4,011,610</u>	<u>560,396</u>	<u>-</u>	<u>8,200,344</u>
<u>Excess (Deficiency) of Revenues</u>	<u>(314,511)</u>	<u>(2,459,233)</u>	<u>210,486</u>	<u>693,055</u>	<u>(1,870,203)</u>
<u>Over Expenditures</u>					
<u>Other Financing Sources and (Uses)</u>					
Proceeds from Bond Issuance	-	185,000	-	-	185,000
Transfers In	446,461	-	-	-	446,461
Transfers Out	(5,000)	(270,000)	(10,000)	(161,354)	(446,354)
Total Other Financing	<u>441,461</u>	<u>(85,000)</u>	<u>(10,000)</u>	<u>(161,354)</u>	<u>185,107</u>
<u>Net Change in Fund Balance</u>	<u>126,950</u>	<u>(2,544,233)</u>	<u>200,486</u>	<u>531,701</u>	<u>(1,685,096)</u>
<u>Fund Balance - Beginning</u>	<u>2,717,681</u>	<u>4,152,561</u>	<u>835,452</u>	<u>462,909</u>	<u>8,168,603</u>
<u>FUND BALANCE - ENDING</u>	<u>\$ 2,844,631</u>	<u>\$ 1,608,328</u>	<u>\$ 1,035,938</u>	<u>\$ 994,610</u>	<u>\$ 6,483,507</u>

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

TOWN OF FARMERVILLE
FARMERVILLE, 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

Net Change in Fund Balances - Total Governmental Funds \$ (1,685,096)

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

Government 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 - Net	3,693,458
Depreciation expense	(599,072)
Amortization Expense	(83,716)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of a long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

2022 Bond Payments	150,000
2016 Bond Payments	39,000
USDA Loan Payments	20,981
2010 Bond Payments	25,000
Lease Payments	83,638

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Loss on Disposal of Assets	(28,209)
Change in Compensated Absences	2,881
Change in Net Pension Liability	(939,112)
Change in Other Post Employment Benefit	93,498
Change in Deferred Inflows/Outflows	865,291

Change in Net Position in Governmental Activities	\$ 1,638,542
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The accompanying notes are an integral part of this financial statement.

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

<u>ASSETS</u>	Business-Type Activities - Enterprise Funds		
	<u>Major Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 183,079	\$ 38,285	\$ 221,364
Accounts Receivable, Net	272,058	-	272,058
Prepaid Insurance	32,383	8,305	40,688
Total Current Assets	487,520	46,590	534,110
<u>Non-Current Assets from Restricted Assets</u>			
Cash and Cash Equivalents			
Water Fund - Meter Deposits	222,737	-	222,737
Depreciation and Contingency Fund	152,741	63,719	216,460
Construction Checking	3,256	50	3,306
USDA Accounts	259,831	-	259,831
Total Restricted Assets	638,565	63,769	702,334
Capital Assets:			
Property, Plant and Equipment at Cost	12,416,362	8,965,249	21,381,611
Less: Accumulated Depreciation	(5,803,517)	(4,753,019)	(10,556,536)
Construction in Process	-	234,964	234,964
Land	25,752	-	25,752
Total Capital Assets	6,638,597	4,447,194	11,085,791
<u>TOTAL ASSETS</u>	7,764,682	4,557,553	12,322,235
<u>Deferred Outflows of Resources</u>	242,839	41,174	284,013
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	102,009	182,695	284,704
Accrued Liabilities	19,986	4,906	24,892
Total Current Liabilities	\$ 121,995	\$ 187,601	\$ 309,596

Continued on next page.

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

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

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Total
<u>Liabilities Payable from Restricted Assets</u>			
Customer Deposits	\$ 177,835	\$ -	\$ 177,835
Bonds Payable	42,924	25,000	67,924
Accrued Interest Payable	-	-	-
Total Payable from Restricted Assets	220,759	25,000	245,759
<u>Long Term Liabilities</u>			
Due To/From Sewer Funds	84,393	(84,393)	-
Due To/From Other Funds	154,983	-	154,983
Bonds Payable	1,914,533	165,000	2,079,533
Post Retirement Benefits	68,256	13,831	82,087
Net Position Liability	630,822	106,683	737,505
Total Long-Term Liabilities	2,852,987	201,121	3,054,108
<u>TOTAL LIABILITIES</u>	3,195,741	413,722	3,609,463
<u>Deferred Inflows of Resources</u>			
Resources Related to Pensions	43,281	8,491	51,772
<u>Net Position</u>			
Invested in Capital Assets Net of Related Debt	4,681,140	4,257,194	8,938,334
Restricted for Debt Service	412,572	63,719	476,291
Unrestricted	(325,213)	(144,399)	(469,612)
Total Net Position	\$ 4,768,499	\$ 4,176,514	\$ 8,945,013

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

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

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 1,489,242	\$ 526,452	\$ 2,015,694
Miscellaneous	3,063	-	3,063
Total Operating Revenues	1,492,305	526,452	2,018,757
<u>Operating Expenses</u>			
<u>Administrative Expenses</u>			
Salaries and Employee Benefits	534,416	93,173	627,589
Bad Debt Expense	26,958	-	26,958
Advertising	265	-	265
Auditing	21,733	3,624	25,357
Bank Charges	1,016	70	1,086
Computer Expense	21,368	-	21,368
Dues	2,590	-	2,590
Insurance - Liability	39,592	7,791	47,383
Miscellaneous	18,426	769	19,195
Office Supplies	4,894	-	4,894
Postage	9,437	-	9,437
Equipment and Truck Expense	28,927	17,301	46,228
Telephone Expense	7,614	741	8,355
Travel and Training	822	-	822
Water Bill Cost	17,580	-	17,580
Total Administration	735,638	123,469	859,107
<u>Materials and Supplies</u>			
Chlorine	47,557	33,014	80,571
Scada Network	16,152	-	16,152
Ozone #3 Expenses	62,740	-	62,740
Chemicals Test	1,283	15,383	16,666
Grant Expenses	7,500	-	7,500
Supplies	88,647	8,731	97,378
Pump Repairs	-	134,774	134,774
Equipment Maintenance	\$ 1,678	\$ -	\$ 1,678

Continued on next page.

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

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

	Business-Type Activities		
	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Materials and Supplies</u> (continued)			
Safe Drinking Program	\$ 15,181	\$ -	\$ 15,181
Major Well and Tank Repairs	14,027	-	14,027
Poultry Pride Water Well Repairs	567,882	-	567,882
Meter Replacement	20,330	-	20,330
Major Repairs and Additions	22,105	3,133	25,238
Vehicle/Equipment Fuel	38,611	-	38,611
Miscellaneous Repairs	15,267	-	15,267
Treatment Plant Repairs	-	15,305	15,305
Utilities	92,503	51,953	144,456
Total Materials and Supplies	<u>1,011,463</u>	<u>262,293</u>	<u>1,273,756</u>
 Depreciation and Amortization	 <u>398,425</u>	 <u>209,278</u>	 <u>607,703</u>
 Total Operating Expenses	 <u>2,145,526</u>	 <u>595,040</u>	 <u>2,740,566</u>
 Net Operating Income (Loss)	 (653,221)	 (68,588)	 (721,809)
 <u>Non-Operating Revenues Expenses</u>			
Interest Income	7,124	1,030	8,154
Interest Expense	(35,905)	(11,179)	(47,084)
Grants/LCDBG	12,903	8,131	21,034
Net Pension/OPEB Revenue	10,508	35,810	46,318
Sales of Assets	18,200	-	18,200
Contributed Capital	-	-	-
Transfers In (Out)	(30,000)	29,893	(107)
Total Non-Operating Revenues (Expenses)	<u>(17,170)</u>	<u>63,685</u>	<u>46,515</u>
 <u>Changes in Net Position</u>	 (670,391)	 (4,903)	 (675,294)
 <u>Net Position - Beginning of the Year</u>	 <u>5,438,890</u>	 <u>4,181,417</u>	 <u>9,620,307</u>
 <u>Net Position - End of the Year</u>	 <u>\$ 4,768,499</u>	 <u>\$ 4,176,514</u>	 <u>\$ 8,945,013</u>

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

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

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Total
<u>Cash Flows From Operating Activities</u>			
Receipts from Customers	\$ 1,641,023	\$ 526,452	\$ 2,167,475
Payments to Supplies	(1,154,198)	(212,710)	(1,366,908)
Payments to Employers and Employee Benefits	(534,416)	(93,173)	(627,589)
Other Receipts (Payments)	(216,843)	(33,613)	(250,456)
Net Cash Provided by Operating Activities	(264,434)	186,956	(77,478)
<u>Cash Flows From Noncapital Financing Activities</u>			
Customer Deposits	(155)	-	(155)
Due To/From Other Funds	54,172	-	54,172
Due To/From Sewer/Water Dept	6,248	(6,248)	-
Transfer to Other Funds	(30,000)	29,893	(107)
Net Cash Provided (Used) by Noncapital Financing Activities	30,265	23,645	53,910
<u>Cash Flows From Capital and Related Financing Activities</u>			
Purchase of Capital Assets	(29,149)	(286,111)	(315,260)
Sale of Assets	18,200	-	18,200
Interest Expense	(35,905)	(11,179)	(47,084)
Payment on Long-Term Debt	(53,171)	(20,000)	(73,171)
Grants	12,903	8,131	21,034
Net Cash Provided (Used) by Capital and Related Financing Activities	(87,122)	(309,159)	(396,281)
<u>Cash Flows From Investing Activities</u>			
Interest Earned on Investments	7,124	1,030	8,154
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	(314,167)	(97,528)	(411,695)
Cash and Cash Equivalents - Beginning of Year	1,135,811	199,582	1,335,393
Cash and Cash Equivalents - End of Year	\$ 821,644	\$ 102,054	\$ 923,698

Continued on next page.

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

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

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Total
<u>Reconciliation of Cash and Cash</u>			
<u>Equivalents to the Statement of</u>			
<u>Net Position</u>			
Cash and Cash Equivalents	\$ 183,079	\$ 38,285	\$ 221,364
Restricted Cash			
Water Fund	222,737	-	222,737
Depreciation and Contingency Fund	152,741	63,719	216,460
USDA Accounts	259,831	-	259,831
Construction Checking	3,256	50	3,306
<u>Total Cash and Cash Equivalents</u>	821,644	102,054	923,698
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Flows from Operating Activities</u>			
Net Operating Income (Loss)	(653,221)	(68,588)	(721,809)
Adjustments to Reconcile Net Income (Loss) to			
Net Cash Used by Operating Activities			
Depreciation	398,425	209,278	607,703
(Increase) Decrease in Accounts Receivable	(20,037)	-	(20,037)
(Increase) Decrease in Due from Other Govts	168,755	-	168,755
(Increase) Decrease in Prepaid Insurance	(1,260)	(2,056)	(3,316)
Increase (Decrease) in Accounts Payable	(132,193)	63,343	(68,850)
Increase (Decrease) in Retainage Payable	(10,542)	(13,760)	(24,302)
Increase (Decrease) in Accrued Liabilities	(14,361)	(1,261)	(15,622)
<u>Net Cash Provided (Used) by Operating Accounts</u>	\$ (264,434)	\$ 186,956	\$ (77,478)

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

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Introduction

The Town of Farmerville, Louisiana (hereafter referred to as the Town) is governed by a “Special Legislative Charter” that was approved by the Louisiana State Legislature in 1842, which was amended in 1870, The Town must have an elected Mayor, five Aldermen/Alderwomen and a Marshal. See Schedule G for a detail of compensation.

The Town’s major operations include water and sewer, public safety, fire protection, recreation and parks, and general administrative services.

The Town is located in Union Parish surrounded by Darbonne Lake recreation area. The Town’s major industry is timber and poultry, which included a poultry processing plant. The Town’s population was 3,298 in 2023.

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting policies of the Town of Farmerville, Louisiana conform to generally accepted accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

GASB Statement No 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a general-purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB statement No. 14, fiscally independent means that the municipality may, without approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The municipality has oversight of other component units that are either blended into the municipalities’ basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Blended Component Units – The Town of Farmerville did not have any blended component units.

Discretely Presented Component Units - The Town of Farmerville did not have any Discretely Presented Components Units.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

B. Financial Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Town. The Town has no component units.

C. Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred in the period in which the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In accordance with Government Accounting Standards Board Statement of Activities for the Town as a whole. These statements include the primary government, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Part of the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Program Revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meetings, the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Policies specific to government-wide financial statements are as follows:

D. Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statements of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

E. Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

F. Capitalized Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Amounts less than \$500 are not capitalized unless they are considered major by the mayor or council. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted assets.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government as its total annual revenues are less than \$10 million. Such governments are not required to report major general infrastructure assets retroactively. The Town has opted not to retroactively report these type of capital assets.

G. Program Revenues

The Statement of Activities presents three categories of program revenues – (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for specific use.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

H. Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

I. Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

J. Restricted Net Assets

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitments or assignments actions.

K. Pensions

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

L. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

M. Fund Accounting

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

N. Governmental Funds

Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental funds include:

1. Major Governmental Funds

General Fund – is the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds. Starting, as of July 1, 2012, the police department and fire department were transferred to separate accounts. The police department and the fire department have funds restricted to police and fire department expenditures. A one half percent sales tax was passed for the police department.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

a. Special Revenue Funds – Sales Tax

The Town of Farmerville Sales Tax Department – The Citizens of the Town of Farmerville approved a 1% sales and use tax. Proceeds of the tax have been pledged and dedicated to the retirement of Sales Tax Bonds dated May 1, 1985, which has been retired. The excess funds can be used for streets and sanitation expenditures.

b. Special Revenue Funds – Recreational Sales Tax

On October 20, 2001 and additional ½ of 1% sales and use tax was approved. This tax was approved for construction of a recreation center and street improvements. Bonds were sold in the amount of \$2,900,000 for construction of the recreation center and improvements of the streets. The street construction was completed during 2002. The recreation center was completed at June 30, 2004. The 2002 bonds were paid off from a 2012 bond issue. The sales taxes approved in 2001 are to be used for retirement of the 2012 bonds, recreation center costs, and street improvements.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

c. Special Revenue Fund - ARPA

The ARPA fund accounts for grant funding from the Coronavirus State Local Fiscal Recovery Fund authorized by American Rescue Plan Act of 2021.

2. Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.
3. Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

O. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary Funds differ from Governmental Funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary Funds include;

1. Enterprise Funds – Account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town's Enterprise Fund includes services for water and sewer.
 - a. The Town of Farmerville Water Department – The Town of Farmerville rates for user charges are approved by the Town Council and the legal liability for the general obligations portion of the water authority's debt remain with the Town of Farmerville.
 - b. The Town of Farmerville Sewer Department – The Sewer charges are approved by the Town Council but are regulated by the EPA.

P. Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

P. Basis of Accounting/Measurement Focus

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus, revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses, when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as other financing sources and repayment of long-term debt is reported as an expenditure.

Q. Budgets and Budgetary Accounting

The Town adopts an annual budget for the General Fund, Special Revenue Funds, and Enterprise Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the council. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed in June each year. The police and fire departments are part of the general fund, separate budgets are prepared because of restricted revenues.

R. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

R. Cash and Cash Equivalents

maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities, plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. The State of Louisiana banking regulations require the FDIC to ensure \$250,000 of checking and savings for each municipality.

S. Investments

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Town are certificates of deposits held at Marion State Bank and Origin Bank and the fair value is determined by the face value of the certificate.

T. Bad Debts

Uncollectible amounts for ad valorem taxes are generally not significant. The Town records ad valorem taxes on a cash basis, so no receivables are recorded until year end. Any ad valorem taxes collected within 60 days of year end are considered receivable, so bad debts are not recorded and are considered immaterial. For customers' utility receivables, the allowance method is used to account for uncollectible amounts. Under this method, an allowance account is set up for what is deemed to be uncollectible.

U. Inventories

Inventories are not considered material and are therefore not recorded. The Town purchases supplies as needed and does not maintain inventory quantities on hand.

V. Short-Term Interfund Receivable/Payables

During the course of operation, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements' balance sheet. In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize their "grossing up" effect on assets and liabilities within the governmental activities column.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

W. Restricted Assets

Certain proceeds of the governmental funds and the enterprise funds are classified as restricted assets on the balance sheet because their use is limited. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted assets are used.

X. Prepaid Items

The Town purchases commercial insurance to cover their risk. Insurance companies usually require the premiums to be paid in advance of the coverage periods.

Y. Capital Assets

The Town's assets are recorded as historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 – 10 Years
Utility Plant/Sewer Collection System	5 – 40 Years
Vehicles	5 – 10 Years
Buildings	39 – 40 Years
Infrastructure	40 - 60 Years

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not report its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40 years is the water and sewer system that is reported in the business-type activities of the Town. From this point forward, the Town will use the basic approach to infrastructure reporting for its governmental activities.

Z. Compensated Absences

The Town's maximum vacation pay carry forward each year is 40 hours. Sick pay is limited to 480 hours carryforward. Any vacation pay is paid at the termination of employment, while sick time is not guaranteed. Unpaid vacation time has been recorded as an accrued payable, while sick time has not.

AA. Long-Term Obligation

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

AA. Long-Term Obligation (continued)

of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. See Note #6 for detail.

BB. Fund Equity

GASB Statement Number 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. 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.

The spendable portion of the fund balance comprises the remaining four classifications: Restricted, Committed, Assigned and Unassigned.

- a. Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- b. Committed Fund Balance – These amounts can only be used for specific purposes determined by formal resolutions or ordinances of the Town Council – the government’s highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town Aldermen 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.
- c. Assigned Fund Balance – This classification reflects the amounts whose intent is to be used for specific purposes, but are neither restricted nor committed. The Town Council and Management 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.
- d. Unassigned Fund Balance – This fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 - Summary of Significant Accounting Policies (continued)

BB. Fund Equity (continued)

When both restricted and unrestricted resources are available for use, it is the Town's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

CC. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

DD. Major – Non-Major Funds

The Town's Major Funds are: General Fund, Sales Tax, Recreation Sales Tax, ARPA Fund and Business Type Funds – Water and Sewer.

Note 2 - Cash and Investments

Custodial Credit Risk – Deposits

The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town did have custodial risk related to its deposits at June 30, 2023 as not all funds were covered as of June 30, 2023.

At June 30, 2023, the Town has cash and cash equivalents (book balances net of overdrafts) in the amount of \$7,492,344.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 2 - Cash and Investments (continued)

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at June 30, 2023, are secured as follows:

Bank Balances	<u>\$ 7,687,505</u>
Federal Deposits Insurance	\$ 983,536
Pledged Securities (Uncollateralized)	<u>9,939,064</u>
<u>TOTAL</u>	<u>\$ 10,922,600</u>
Governmental Funds Cash	\$ 6,568,646
Enterprise Funds Cash	<u>923,698</u>
 <u>TOTAL BOOK BALANCES BY FUND TYPE</u>	 <u>\$ 7,492,344</u>

The FDIC issued an updated description of the explanation of savings deposits as follows: (The insurance coverage of public unit accounts depends upon the type of deposit and location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by the public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term “savings deposits” includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.)

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, R.S.39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town had no custodial credit risk related to its investments on June 30, 2023.

Under state law, the Town may invest funds in obligations of the United States, in federally insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 2023, the Town had the following investments stated at cost, which approximates market:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 2 - Cash and Investments (continued)

Interest Rate Risk

In accordance with its investment policy, the Town manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments”, which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk

The Town’s investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk

The Town’s investment policy limits the Town’s investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

Note 3 - Receivables/Allowance for Doubtful Accounts

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

Receivables at June 30, 2023, consist of the following:

	Governmental <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Accounts Receivable	\$ _____ -	\$ 272,058	\$ 272,058

Note 4 - Due From Other Governments

The amounts due from other governments at June 30, 2023, are as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 5 - Capital Assets (continued)

Less Accumulated				
Depreciation for:				
Sewer Department	(4,543,741)	(209,278)	-	(4,753,019)
Water Department	(5,476,889)	(398,425)	71,798	(5,803,516)
Total Accumulated				
Depreciation	(10,020,630)	(607,703)	71,798	(10,556,535)
<u>Business-Type Activities</u>				
<u>Capital Assets, Net</u>	<u>\$11,378,234</u>	<u>\$ 822,707</u>	<u>\$(1,115,150)</u>	<u>\$ 11,085,791</u>

Depreciation expense for the year ended June 30, 2023, was charged to functions of the Town as follows:

Government Activities:	
General Government	\$ 201,309
Public Safety	46,574
Fire	178,547
Garbage	15,649
Recreation Center	55,420
Streets	<u>101,572</u>
Total Depreciation Expense -	
Governmental Activities	<u>\$ 599,071</u>
Business-Type Activities:	
Water	398,425
Sewer	<u>209,278</u>
Total Depreciation Expense -	
Business-Type Activities	<u>\$ 607,703</u>

Note 6 - Compensation

See page 72 for detail schedule of compensation paid to elected officials. On page 71 is a schedule of compensation benefits and other payments to the Mayor. The Police Chief is also the elected Marshal. In that capacity he receives \$700 a month. He also receives a salary for his position as Chief of Police.

Note 7 - Employee Retirement

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

Substantially all town employees, except firemen and policemen are members of the Municipal Employees' Retirement System of Louisiana (MERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Each of these are separated by first employment date of which those before January 1, 2013 are in Plan A and those after in Plan A Tier 2. All members participate in Plan A or Plan A Tier 2 based on those dates.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

All permanent employees working at least 35 hours per week and elected town officials are required to participate in the system. Under the MERS Plan A, a member who retires at or after age 60 with at least 10 years of creditable service or at any age with 25 years of creditable service is entitled to a full retirement benefit, payable monthly for life, equal to 3 percent of the member's final compensation multiplied by his years of creditable service. With MERS Plan A Tier 2, a member who retires at or after age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service or at 55 age with 30 years of creditable service are entitled to the same benefits as noted with Plan A.

Final compensation is a member's average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted. A member who withdraws from active service prior to retirement eligibility is entitled to receive benefits beginning on the normal retirement date, assuming completion of the required years of creditable service and no prior refund of contributions. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy – State statute requires covered employees to contribute 9.0 percent of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 29.5 percent of annual covered payroll. The Town's contributions to the System under Plan A for the years ending June 30, 2023, 2022 and 2021 were \$332,962, \$303,579 and \$281,404, respectively, equal to the required contributions for each year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Blvd., Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

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

At June 30, 2023, the Town reported a liability of \$2,230,062 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.5369%, which was an increase of 0.0511% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized net pension expense of \$329,332 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$4,652.

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

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,633	\$ (8,540)
Changes of assumptions	21,603	-
Net difference between projected and actual earnings on pension plan investments	371,072	(380,749)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	119,055	(20,900)
Employer contributions subsequent to the measurement date	332,962	-
Total	\$ 847,325	\$ (29,440)

The Town reported a total of \$332,962 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year	MERS
2023	\$ 141,154
2024	130,310
2025	35,509
2026	177,951
	\$ 484,924

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, is as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

Valuation Date June 30, 2022
Actuarial Cost Method Entry Age Normal

Actuarial Assumptions:

**Expected Remaining
Service Lives** 3 years

Investment Rate of Return/

Inflation Rate 6.85%, net of investment expense; 2.50% inflation

Projected salary increases 4.5 to 6.4%

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

Disabled lives mortality PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP 2018 scale

**Annuitant and beneficiary
mortality** PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and 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 included in the System's target asset allocation as of June 30, 2022, are summarized in the following table:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53%	2.31%
Public fixed income	38%	1.65%
Alternative Investments	9%	0.39%
Total	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2022 is 3 years.

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

The following table presents the Town's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Rates	5.85%	6.85%	7.85%
TOF Share - NPL	\$ 2,966,418	\$2,230,062	\$1,607,865

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All full-time police officers engaged in law enforcement are required to participate in the Municipal Police Employees' Retirement System (MPERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. Members who started prior to January 1, 2013, can retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 percent of his average final compensation.

Average final compensation is the average annual earned compensation of a member for any period of 36 successive or joined months of service that produces the highest average.

Members who started on or after January 1, 2013, retire under one of two plans, Hazardous Duty or Non Hazardous Duty. Under Hazardous Duty, at or after age 55 with 12 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation. Under Non Hazardous Duty, at or after age 60 with 10 years of creditable service, 25 years of credible service at age 55, or at any age with 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 1/2 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation.

For these members, average final compensation is the average annual earned compensation of a member for any period of 60 successive or joined months of service that produces the highest average.

The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 31.25 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the System for the years ending June 30, 2023, 2022, and 2021, were \$32,197, \$18,029 and \$13,491 respectively, equal to the required contributions for the year.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225) 929-7411.

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

At June 30, 2023, the Town reported a liability of \$208,207 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Town's proportion was .0204%, which was an increase of .0058% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$29,263 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(6,382).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,027	\$ (1,697)
Changes of assumptions	7,182	(1,549)
Net difference between projected and actual earnings on pension plan investments	37,172	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	35,602	(17,850)
Employer contributions subsequent to the measurement date	32,197	-
Total	<u>\$ 113,160</u>	<u>\$ (21,096)</u>

The Town reported a total of \$32,197 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

Year	MPERS
2023	\$ 14,856
2024	12,199
2025	13,334
2026	19,498
	\$ 59,887

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return/Inflation Rate	6.75%, net of investment expense, 2.50% inflation
Projected salary increases	4.70 to 12.30% based on years of service
Mortality	<p>For employees, the Pub-2010 Public Retirement Plan 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 was used</p> <p>For disabled lives, the Pub-2010 Public Retirement Plan Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used</p> <p>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 sale was used</p>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014, through June 30, 2019, and the review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table which appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combines with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the system's target allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative Investments	14.00%	0.95%
Other	0.00%	0.00%
Total	100%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Town's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	5.75%	6.75%	7.75%
TOF Share- NPL	\$ 291,450	\$ 208,207	\$ 138,672

FIREFIGHTERS' RETIREMENT SYSTEM

All full-time firefighters for the Town who are engaged in fire protection are eligible to participate in the Firefighters' Retirement System (FRS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

A member who has completed 20 years of creditable service and has reached the age of 50, with at least 12 years of service who has reached the age of 55, as well as anyone with 25 years of service at any age are eligible for retirement. Upon retirement, the benefit amount is 3-1/3 percent of average final compensation multiplied by years of creditable service, not to exceed his average final compensation. Average final compensation is the member's average annual earned compensation for any period of 36 successive or joined months of service that produce the highest average. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 33.25 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contribution to the System for the years ending June 30, 2023, 2022 and 2021 were \$55,513, \$45,576, and \$41,426, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

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

At June 30, 2023, the Town reported a liability of \$369,593 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Town's proportion was .0524%, which was an increase of 0.0012% from its proportion measured as of June 30, 2021.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

For the year ended June 30, 2023, the Town recognized pension expense of \$68,586 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$9,630.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 2,209	\$(17,421)
Changes of assumptions	30,476	-
Net difference between projected and actual earnings on pension plan investments	83,723	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	41,519	(9,008)
Employer contributions subsequent to the measurement date	55,513	-
Total	<u>\$ 213,440</u>	<u>\$(26,429)</u>

The Town reported a total of \$55,513 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year	FRS
2023	\$ 33,152
2024	29,492
2025	20,139
2026	45,750
2027 and thereafter	2,965
	<u>\$ 131,498</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022, is as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	6.9%, net of investment expense
Inflation Rate	2.50 per annum
Projected Salary Increases	5.2-14.1% per year based on years of service
Mortality	For active members, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below-Median Employees For annuitants and beneficiaries, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below-Median Healthy Retirees For disabled retirees, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Disabled Retirees In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.
Cost of Living Adjustments	Only those previously granted.

The estimated long-term expected rate of return on pension plan investments was determined by the System’s actuary using the System’s target asset allocation as of January 2022 and the Curran Actuarial Consulting average study for 2022. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns and the correlation of the returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System’s long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2022.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Target Asset Allocation
Equity	56.00%
Fixed Income	26.00%
Alternative Investments	18.00%
Multi-Asset Strategies	0.00%
Total	100.00%

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 7 - Employee Retirement (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Town's proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

FRS	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	5.90%	6.90%	7.90%
TOF Share- NPL	\$ 546,773	\$ 369,593	\$ 221,814

Note 8 - Long-Term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
Certificates of Indebtedness,					
2010 Revenue Bonds	\$ 260,000	\$ -	\$ 25,000	\$ 235,000	\$ 30,000
2016 Revenue Bonds	355,000	-	39,000	316,000	41,000
2022 Revenue Bonds	4,135,000	-	150,000	3,985,000	210,000
USDA	85,061	-	20,981	64,080	21,863
Total Governmental Bonds					
<u>And Notes Payable</u>	4,835,061	-	234,981	4,600,080	302,863
Other Liabilities:					
Accrued Vacation, Sick And Compensatory Time	77,893	-	2,881	75,012	75,012
<u>Total Other Liabilities</u>	77,893	-	2,881	75,012	75,012
Total Governmental Activities					
<u>Long-Term Debt</u>	\$ 4,912,954	\$ -	\$ 237,862	\$ 4,675,092	\$ 377,875

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 8 - Long-Term Debt (continued)

Business-Type Activities:

Bonds and Notes Payable:

Certificates of Indebtedness,

Sewer Revenue Bonds	\$ 210,000	\$ -	\$ 20,000	\$ 190,000	\$ 25,000
USDA Loan	2,001,409	-	43,952	1,957,457	42,924
USDA Loan	9,219	-	9,219	-	-

Other Liabilities:

Accrued Vacation, Sick
And Compensatory Time

Business-Type Activities	25,675	-	783	24,892	24,892
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Total Business-Type Activities

<u>Long-Term Debt</u>	<u>\$2,246,303</u>	<u>\$ -</u>	<u>\$ 73,954</u>	<u>\$ 2,172,349</u>	<u>\$ 92,816</u>
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Principal and interest requirements to retire the Town's bonds and obligations are as follows for their governmental funds:

Year Ended <u>June 30,</u>	<u>2010 Revenue Bond</u>		<u>2022 Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 30,000	\$ 11,633	\$ 210,000	\$ 142,866
2025	30,000	10,148	215,000	137,445
2026	30,000	8,450	220,000	131,461
2027	35,000	6,503	225,000	124,951
2028	35,000	3,978	235,000	117,345
2029-2033	75,000	2,726	1,300,000	447,103
2034-2038	-	-	1,580,000	166,240
Total	<u>\$ 235,000</u>	<u>\$ 43,438</u>	<u>\$ 3,985,000</u>	<u>\$ 1,267,411</u>

Year Ended <u>June 30,</u>	<u>2016 Revenue Bonds</u>		<u>USDA</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 41,000	\$ 11,218	\$ 21,863	\$ 3,115
2025	43,000	9,762	22,782	2,233
2026	46,000	8,236	19,435	1,314
2027	49,000	6,602	-	-
2028	52,000	4,864	-	-
2029-2033	85,000	4,083	-	-
2034-2038	-	-	-	-
Total	<u>\$ 316,000</u>	<u>\$ 44,765</u>	<u>\$ 64,080</u>	<u>\$6,662</u>

Principal and interest requirements to retire the Town's bonds and obligations are as follows for their business type funds:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 8 - Long-Term Debt (continued)

Year Ended <u>June 30,</u>	<u>Sewer Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 25,000	\$ 9,405
2025	25,000	8,168
2026	25,000	6,765
2027	25,000	5,200
2028	30,000	3,465
2029-2033	60,000	2,445
2034-2038	-	-
<u>Total</u>	<u>\$ 190,000</u>	<u>\$ 35,448</u>

Year Ended <u>June 30,</u>	<u>USDA</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 42,924	\$ 36,348
2025	43,736	35,536
2026	44,563	34,709
2027	45,406	33,866
2028	46,264	33,008
2029-2033	244,781	151,579
2034-2038	268,820	127,540
2039-2043	295,219	101,141
2044-2048	324,211	72,149
2049-2053	356,050	40,310
2054-2058	<u>245,483</u>	<u>7,654</u>
<u>Total</u>	<u>\$ 1,957,457</u>	<u>\$ 673,840</u>

Note 9 - Related Party Transactions

The Town of Farmerville did not have any related party transactions during the fiscal year ended June 30, 2023.

Note 10 - On-Behalf Payments

The Town's employees for the police and fire department receive supplement pay from the State of Louisiana. In accordance with GASB Statement 24, the Town has recorded revenues and expenditures for these payments in the General Fund.

Note 11 - Economic Dependency

A large portion of the increase/decrease in water and garbage revenues are due to the agreement with the Poultry Processing Plant.

Note 12 - Litigation

Risk Management handles all defense for the Town. The Town has a couple of pending lawsuits at June 30, 2023. The Town believes the outcome of these lawsuits will not have a material effect on its financial position at June 30, 2023.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 13 - Risk Management

The Town is exposed to risks of loss in the areas of health care, 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 the insurance coverage during the year.

Note 14 - Post Employment Benefits

The Town of Farmerville provides continuing employees benefits for its employees who retired with the State Municipal Retirement System, the Police Retirement System and Fire Retirement System. The Town of Farmerville provides health insurance through the Louisiana Municipal Risk Management Agency, II for each employee. Family coverage is available, but not paid by the Town. The Town is also providing life insurance and dental insurance for retirees.

The Town records the cost of these benefits as expenditures on a monthly basis. For the year ended June 30, 2023, the total cost of the benefit to employee was zero. As of June 30, 2023, the Town had no retiree benefits payable. These premiums are financed on a "pay-as-you-go" basis.

The Governmental Accounting Standards Board released Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (GASB 74) and Statement No. 75 – Accounting and Financial Reports for Post-Employment Benefit Plans Other than Pension Plans (GASB 75) in June 2015. These two statements supersede GASB Statements 43 and 45, respectively, and establish uniform accounting and financial reporting standards for state and local governmental entities related to post-employment benefits other than pensions.

GASB 74 must be adopted for fiscal years beginning after June 15, 2016, and GASB 75 must be adopted for fiscal years beginning after June 15, 2017. While the previous statements allowed smaller entities the ability to have valuations every three years, the replacement standards require all entities, regardless of size to have a valuation performed every two years, with roll forward valuations performed on years between.

Actuarial Cost Method

Whereas GASB 43 and GASB 45 allowed for one of six different actuarial cost methods, GASB 74 and GASB 75 require the Entry Age Normal Cost Method based on a level percentage of projected salary.

Plan Description

The Town of Farmerville medical and dental benefits are provided and made available to employees upon actual retirement. These benefits terminate at age 65.

The employees are covered by a retirement system whose retirement eligibility provisions are as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 14 - Post Employment Benefits (continued)

The Town is the Municipal Employees Retirement System of Louisiana. The system is composed of two distinct plans. Plan A and B with separate assets and benefit provisions. The employees were members of Plan B, which has a 30 years' service and retirement of any age after 30 years. The Town changed to Plan A in July 2002, which has 25 years of service or 10 years at age 60. The Fire and Police Retirement has 25 years of service at any age, 20 years at age 50 and 12 years at age 55. The employees do not contribute to the post-employment benefits costs.

Employees covered by benefit terms – At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	34
TOTAL	34

Total OPEB Liability

The Town's total OPEB liability of \$362,635 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5%, including inflation
Prior Discount rate	2.16%
Discount rate	4.13%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 4.5% annually for medical, 3% for dental
Mortality	RPH-2014 Total Table with Projection MP-2021

The discount rate was based on the average of the S & P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023, the end of the applicable measurement period.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009, to June 30, 2023.

Changes in the Total OPEB Liability

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 14 - Post Employment Benefits (continued)

Balance at June 30, 2022	\$ 474,812
Changes for the year:	
Service cost	36,690
Interest	11,048
Differences between expected and actual experience	(110,971)
Changes of assumptions	(48,944)
Benefit payments and net transfers	-
Net changes	(112,177)
Balance at June 30, 2023	\$ 362,635

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1.0% Decrease (3.13%)	Current Discount Rate (4.13%)	1.0% Increase (5.13%)
Total OPEB liability	\$ 387,055	\$ 362,635	\$ 339,360

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare trend rates:

	1.0% Decrease (3.5%)	Current Trend (4.5%)	1.0% Increase (5.5%)
Total OPEB liability	\$ 324,522	\$ 362,635	\$ 407,792

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Town recognized OPEB expense of \$1,830. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (145,903)
Changes in assumptions	16,755	(39,795)
Total	\$ 16,755	\$ (185,698)

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 14 - Post Employment Benefits (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending June 30:</u>	
2024	(45,908)
2025	(45,908)
2026	(36,776)
2027	(29,891)
2028	(10,460)

Note 15 - Ad Valorem Taxes

Property taxes are usually mailed out in November and are due as of January 1. Delinquent taxes are sold each year thus no allowance is set up for uncollected amounts.

The ad valorem tax millage is as follows:

	<u>Mills</u>
General Ad Valorem Tax	8.80
Fire Department	<u>7.90</u>
<u>TOTAL</u>	<u>16.70</u>

Additionally, dedicated amounts are collected for the Area Fire Protection District as well as various in lieu of tax payments.

Note 16 - Interfund Operating Transfers In and Out

Interfund operating transfers in and out during the year ended June 30, 2023, were as follows:

<u>Fund</u>	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
Major Funds:		
General Fund	\$ 446,461	\$ 5,000
Sales Tax	-	270,000
Recreational Sales Tax	-	10,000
ARPA Fund	-	161,354
Enterprise Fund		
Water	-	30,000
Sewer	29,893	-
Non-Major Funds:		
Special Revenue Funds	-	-
<u>TOTAL</u>	<u>\$ 476,354</u>	<u>\$ 476,354</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 16 - Interfund Operating Transfers In and Out (continued)

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

Note 17 - Interfund Receivables and Payables

Interfund balances at June 30, 2023, were as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Interfund</u>	<u>Payables</u>
Major Funds:			
General Fund	\$ 154,983		\$ -
Sales Tax	163,027		-
Recreational Sales Tax	-		163,027
Enterprise Fund			
Water	-		239,376
Sewer	<u>84,393</u>		<u>-</u>
 <u>TOTAL</u>	 <u>\$ 402,403</u>		 <u>\$ 402,403</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Note 18 - Leases

On November 19, 2021, the Town entered into a lease agreement for a garbage truck. Payments are \$3,675 at an interest rate of 2.29% for 24 months. At the beginning of the lease, the present value of the lease payments was recorded as a lease asset, and a corresponding lease liability was also recorded. The lease asset was recorded at \$86,136 with accumulated amortization of \$68,191 as of June 30, 2023.

Also, the Town entered into another lease agreement for a second garbage truck on February 15, 2022. Payments are \$3,469 at an interest rate of 2.29% for 24 months. At the beginning of this lease, the present value of the lease payments was recorded as a lease asset, and a corresponding lease liability was also recorded. The lease assets were recorded at \$81,296 with accumulated amortization of \$54,197 as of June 30, 2023.

Future minimum lease payments are as follows:

Year Ended	Principal	Interest
June 30, 2024	\$ 45,784	\$ 342

Note 18 - Subsequent Events

Subsequent events have been evaluated through December 28, 2023, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

Note 19 - Fund Changes and Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2023, are as follows:

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable:		
General Fund	Prepaid Items	\$ 100,405
Sales Tax	Prepaid Items	24,129
Recreation Sales Tax	Prepaid Items	16,237
Restricted:		
Sales Tax	Bond Repayment	401,850
Sales Tax	Capital Projects	1,182,349
Recreation Sales Tax	Bond Repayment	126,151
Recreation Sales Tax	Capital Projects	893,550
ARPA	Construction Projects	994,610
Assigned:		
Unassigned:		
General Fund		2,744,226
Sales Tax		-
Recreational Sales Tax		-
Total Fund Balances		<u>\$ 6,483,507</u>

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated (2) identify the portion of the fund balance that is not appropriate for future expenditures.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULE

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR	\$ 2,717,681	\$ 2,717,681	\$ 2,717,681	\$ -
Resources				
Property Taxes	794,000	836,000	798,408	(37,592)
Sales Taxes	670,000	720,000	730,102	10,102
Franchise Taxes	220,000	240,000	239,412	(588)
Licenses and Permits	256,100	308,100	310,609	2,509
Intergovernmental	99,500	214,300	154,210	(60,090)
Charges for Services	601,700	626,600	650,885	24,285
Fines	89,100	65,600	64,227	(1,373)
Interest Income	34,200	39,700	40,751	1,051
Miscellaneous	214,500	335,600	325,223	(10,377)
Sale of Assets	-	10,300	-	(10,300)
Transfers From Other Funds	375,000	535,000	446,461	(88,539)
Total Resources	<u>3,354,100</u>	<u>3,931,200</u>	<u>3,760,288</u>	<u>(170,912)</u>
Amounts available for appropriations	<u>6,071,781</u>	<u>6,648,881</u>	<u>6,477,969</u>	<u>(170,912)</u>
Charges to appropriations				
Current				
General government	931,250	1,295,900	712,144	583,756
Public Safety	1,006,400	1,173,900	1,097,785	76,115
Fire Department	500,920	598,380	529,264	69,116
Sanitation Department	761,932	850,282	732,554	117,728
Debt Service	-	-	85,728	(85,728)
Capital Outlay	-	-	470,863	(470,863)
Transfers To Other Funds	-	-	5,000	(5,000)
Total Charges to appropriations	<u>3,200,502</u>	<u>3,918,462</u>	<u>3,633,338</u>	<u>285,124</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 2,871,279</u>	<u>\$ 2,730,419</u>	<u>\$ 2,844,631</u>	<u>\$ 114,212</u>

See accompanying notes and auditor's report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REVENUES	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Year to Date</u>	<u>Favorable (Unfavorable)</u>
Taxes				
Sales Tax	\$ 1,340,000	\$ 1,440,000	\$ 1,464,061	\$ 24,061
Interest Earned	12,000	16,000	17,385	1,385
State Mowing Contract	13,060	13,120	-	(13,120)
Intergovernmental	-	40,000	53,100	13,100
Miscellaneous Income	-	11,300	17,831	6,531
Total Revenues	<u>1,365,060</u>	<u>1,520,420</u>	<u>1,552,377</u>	<u>31,957</u>

EXPENDITURES

GENERAL GOVERNMENT

Salaries	80,000	80,000	76,114	3,886
Employee Benefits Expenditures				
Medicare Taxes	1,160	1,160	1,068	92
Municipal Retirement	20,000	23,000	22,905	95
FICA	5,000	5,000	4,569	431
Unemployment	300	300	158	142
Hospital Insurance	18,100	18,100	18,673	(573)
Dental	1,000	1,000	735	265
Miscellaneous Employee Cost	500	500	444	56
Employee Drug Test	200	200	-	200
Prison Labor Expense	2,000	2,000	-	2,000
Uniforms	1,000	1,000	594	406
Administrative Fees	30,000	30,000	-	30,000
Auditing	4,000	7,000	8,384	(1,384)
Building Maintenance	2,000	2,000	755	1,245
Computer	6,000	10,000	9,877	123
Insurance	12,000	8,000	12,067	(4,067)
Grant Expense	150,000	20,000	4,000	16,000
Capital Improvements	-	-	7,000	(7,000)
Shop Supplies	4,000	4,400	4,569	(169)
Office Expenditures	2,000	4,400	5,483	(1,083)
Sales Tax Collection Cost	13,400	15,000	14,523	477
Transfer to Sanitation Dept	100,000	240,000	240,000	-
Shop Utilities	4,000	4,000	-	4,000
TIF Payments	72,000	88,800	89,473	(673)
Telephone	5,000	5,500	5,928	(428)
Travel	4,000	6,000	5,871	129
Total General Government	<u>537,660</u>	<u>577,360</u>	<u>533,190</u>	<u>44,170</u>

PUBLIC SAFETY

Labor and Expenditures				
Total Public Safety	-	-	1,435	(1,435)

STREET REPAIRS

Salaries	195,000	210,000	203,370	6,630
Employee Benefit Expenditures :				
Medicare Taxes	2,850	3,045	3,011	34
Municipal Retirement	50,000	47,000	46,751	249
FICA Taxes	12,100	13,020	12,874	146
Unemployment Taxes	500	500	421	79
Hospital Insurance	\$ 45,000	\$ 45,000	\$ 44,854	\$ 146

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Amended Budget	Actual Year to Date	Favorable (Unfavorable)
STREET REPAIRS(continued)				
Dental	\$ 2,000	\$ 2,000	\$ 1,715	\$ 285
Workers Compensation Insurance	20,000	20,000	19,311	689
Employee Drug Testing	600	600	535	65
Miscellaneous Employee Expense	500	500	527	(27)
Uniforms	3,000	3,500	3,638	(138)
Clean City Expense	-	-	-	-
Insurance	25,000	25,000	23,136	1,864
Telephone	-	-	-	-
Capital Improvements	180,000	2,840,000	2,954,422	(114,422)
Miscellaneous	5,000	16,000	20,501	(4,501)
Street Asset Purchase	-	10,000	-	10,000
Street Improvement/Maintenance	60,000	144,000	135,770	8,230
Truck Equipment - Oil & Gas	24,000	28,000	27,611	389
Truck Equipment Repairs	15,000	65,000	66,460	(1,460)
Utilities	110,000	118,000	127,982	(9,982)
USDA Loan Payments	25,000	25,000	24,096	904
USDA Reserve Account	2,400	2,400	-	2,400
USDA Dep & Cont	2,400	2,400	-	2,400
Total Street Repairs	<u>780,350</u>	<u>3,620,965</u>	<u>3,716,985</u>	<u>(96,020)</u>
TOTAL EXPENDITURES	<u>1,318,010</u>	<u>4,198,325</u>	<u>4,251,610</u>	<u>(53,285)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>47,050</u>	<u>(2,677,905)</u>	<u>(2,699,233)</u>	<u>(21,328)</u>
OTHER FINANCING SOURCES(USES)				
Proceeds form Bond Issuance	-	2,840,000	185,000	(2,655,000)
Transfer to Other Funds	-	-	(30,000)	(30,000)
Transfer from Other Funds	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,840,000</u>	<u>155,000</u>	<u>(2,685,000)</u>
EXCESS OF REVENUE AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM	<u>47,050</u>	<u>162,095</u>	<u>(2,544,233)</u>	<u>(2,706,328)</u>
BUDGETARY FUND BALANCES, BEGINNING	<u>4,152,561</u>	<u>4,152,561</u>	<u>4,152,561</u>	
BUDGETARY FUND BALANCES, ENDING	<u>\$ 4,199,611</u>	<u>\$ 4,314,656</u>	<u>\$ 1,608,328</u>	

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - 2002 SALES TAX FUND - RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REVENUE	Original Budget	Amended Budget	Actual Year to Date	Favorable (Unfavorable)
Sales Taxes	\$ 670,000	\$ 720,000	\$ 732,031	\$ 12,031
Membership Dues	1,000	50	-	(50)
Building Rental	14,000	14,000	-	(14,000)
Interest	5,000	7,000	8,007	1,007
Miscellaneous	-	2,350	30,844	28,494
Special Programs	5,000	9,000	-	(9,000)
Total Revenues	<u>695,000</u>	<u>752,400</u>	<u>770,882</u>	<u>18,482</u>
EXPENDITURES				
Salaries	120,000	112,000	104,847	7,153
Employee Benefits Expenditures:				
Medicare Tax	1,740	1,624	1,609	15
Municipal Retirement	32,200	26,500	26,430	70
FICA	7,440	6,944	6,879	65
Unemployment	300	300	223	77
Hospital Insurance	27,000	22,000	21,553	447
Dental	1,200	1,000	950	50
Workers Compensation Insurance	4,000	5,000	5,151	(151)
Employee Drug Testing	200	200	524	(324)
Miscellaneous Employee Expense	1,200	1,200	1,168	32
Administrative Fees	10,000	10,000	-	10,000
Uniforms	2,000	2,000	782	1,218
Activity Expense	10,000	22,000	22,230	(230)
Advertising and Filing	1,500	500	505	(5)
Assets Purchasing	-	19,000	19,155	(155)
Auditing	4,000	5,000	6,100	(1,100)
Travel and Training	1,000	1,000	-	1,000
Ball Park Expense	1,000	1,000	3,262	(2,262)
Bond Payments	360,000	360,000	241,246	118,754
Building Repairs & Maintenance	20,000	20,000	24,200	(4,200)
Computer Expense	1,000	1,000	828	172
Liability Insurance	22,000	20,000	17,960	2,040
Miscellaneous	1,000	3,500	1,627	1,873
Office Supplies	2,000	4,500	2,199	2,301
Sales Tax Collection Fee	6,700	7,200	7,520	(320)
Supplies	6,000	6,000	9,469	(3,469)
Telephone	6,500	6,500	5,744	756
Grant Expense	-	-	(5,200)	5,200
Utilities	30,000	30,000	29,427	573
Vehicle Expense	3,000	4,000	4,008	(8)
Total Expenditures	<u>682,980</u>	<u>699,968</u>	<u>560,396</u>	<u>139,572</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	12,020	52,432	210,486	158,054
OTHER FINANCING SOURCES(USES)				
Transfers Out	-	-	(10,000)	(10,000)
Transfers In	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRA- ORDINARY ITEM	<u>12,020</u>	<u>52,432</u>	<u>200,486</u>	<u>148,054</u>
BUDGETARY FUND BALANCES, BEGINNING	<u>835,452</u>	<u>835,452</u>	<u>835,452</u>	
BUDGETARY FUND BALANCES, ENDING	<u>\$ 847,472</u>	<u>\$ 887,884</u>	<u>\$ 1,035,938</u>	

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - ARPA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REVENUE	Original Budget	Amended Budget	Actual Year to Date	Favorable (Unfavorable)
Intergovernmental	\$ -	\$ 65,000	\$ 688,490	\$ 623,490
Interest	-	-	4,565	4,565
Miscellaneous	-	-	-	-
Special Programs	-	-	-	-
Total Revenues	<u>-</u>	<u>65,000</u>	<u>693,055</u>	<u>628,055</u>
EXPENDITURES				
General government	-	-	-	-
Public Safety	-	-	-	-
Fire Department	-	-	-	-
Sanitation Department	-	-	-	-
Streets	-	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	65,000	693,055	628,055
OTHER FINANCING SOURCES(USES)				
Tranfers Out	-	-	(161,354)	(161,354)
Transfers In	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(161,354)</u>	<u>(161,354)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRA- ORDINARY ITEM	<u>-</u>	<u>65,000</u>	<u>531,701</u>	<u>466,701</u>
BUDGETARY FUND BALANCES, BEGINNING	<u>-</u>	<u>462,909</u>	<u>462,909</u>	
BUDGETARY FUND BALANCES, ENDING	<u>\$ -</u>	<u>\$ 527,909</u>	<u>\$ 994,610</u>	

TOWN OF FARMERVILLE, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023

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

1. The Town Clerk, with input from the Mayor and all department heads, prepares the proposed budget information for the general and major special revenue funds. Once reviewed and approved by the Town Clerk and Mayor, the budgets for each fiscal year are submitted to the Town Council for approval. This is done no later than fifteen days prior to the Town Council meeting in June each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After holding the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, (GAAP) except as stated above. Budgeted amounts are as originally adopted or as amended by Town Council.

Budget comparison schedules included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total OPEB Liability				
Service Cost	\$ 36,921	\$ 38,213	\$ 36,690	\$ 36,690
Interest	17,701	11,710	10,227	11,048
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	-	(124,407)	-	(110,971)
Changes in Assumptions	-	37,437	-	(48,944)
Benefit Payments	(45,795)	(17,803)	(17,803)	-
Net Change in Total OPEB Liability	<u>8,827</u>	<u>(54,850)</u>	<u>29,114</u>	<u>(112,177)</u>
Total OPEB liability - beginning	<u>491,721</u>	<u>500,548</u>	<u>445,698</u>	<u>474,812</u>
Total OPEB liability - ending (a)	<u>\$ 500,548</u>	<u>\$ 445,698</u>	<u>\$ 474,812</u>	<u>\$ 362,635</u>
Covered Employee Payroll	\$ 1,227,888	\$ 1,065,022	\$ 1,065,022	\$ 1,449,595
Net OPEB liability as a percentage of covered employee payroll	40.76%	41.85%	44.58%	25.02%
Notes to Schedule:				
<i>Benefit Changes:</i>	None	None	None	None
<i>Changes in Assumption:</i>				
Discount Rate:	2.21%	2.16%	2.16%	4.13%
Mortality:	RP-2000	RP-2014	RP-2014	RP-2014
Trend:	5.50%	Variable	Variable	Variable

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

See independent auditor's report and notes to financial statements.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023

MERS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0000%	-	-	0.00%	0.00%
2017	0.5578%	2,286,335	993,438	230.14%	66.18%
2018	0.5632%	2,355,919	1,022,730	230.36%	62.11%
2019	0.5780%	2,393,113	1,060,747	225.61%	63.49%
2020	0.5293%	2,211,623	979,773	225.73%	65.60%
2021	0.5022%	2,171,047	953,912	227.59%	64.68%
2022	0.4858%	1,351,366	1,029,083	131.32%	77.82%
2023	0.5369%	2,230,062	1,128,686	197.58%	67.87%

MPERS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0226%	176,922	60,410	292.87%	75.10%
2017	0.0224%	209,604	62,390	335.96%	70.73%
2018	0.0215%	187,949	64,025	293.56%	66.04%
2019	0.0231%	195,137	68,003	286.95%	70.08%
2020	0.0175%	158,339	53,016	298.66%	71.89%
2021	0.0188%	173,349	39,082	443.55%	71.01%
2022	0.0146%	77,607	60,602	128.06%	84.09%
2023	0.0204%	208,207	103,030	202.08%	70.80%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

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

See independent auditor's report and notes to financial statements.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (cont.)
FOR THE YEAR ENDED JUNE 30, 2023

FRS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0004%	215,399	84,817	253.96%	76.02%
2017	0.0405%	265,103	91,589	289.45%	72.45%
2018	0.0341%	214,503	87,414	245.39%	68.16%
2019	0.0375%	227,742	133,457	170.65%	73.55%
2020	0.0527%	329,846	127,309	259.09%	74.76%
2021	0.0506%	350,896	128,453	273.17%	73.96%
2022	0.0512%	181,484	135,040	134.39%	86.78%
2023	0.0524%	369,593	166,957	221.37%	74.68%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

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

See independent auditor's report and notes to financial statements.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

MERS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2016	197,946	197,946	-	1,002,258	19.75%
2017	196,800	196,800	-	993,438	19.81%
2018	232,671	232,671	-	1,022,730	22.75%
2019	261,156	261,156	-	1,060,747	24.62%
2020	254,741	254,741	-	979,773	26.00%
2021	281,404	281,404	-	953,912	29.50%
2022	303,579	303,579	-	1,029,083	29.50%
2023	332,962	332,962	-	1,128,686	29.50%

MPERS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2016	19,029	19,029	-	60,410	31.50%
2017	18,480	18,480	-	62,390	29.62%
2018	20,405	20,405	-	64,025	31.87%
2019	20,946	20,946	-	68,003	30.80%
2020	17,559	17,559	-	53,016	33.12%
2021	13,491	13,491	-	39,082	34.52%
2022	18,029	18,029	-	60,602	29.75%
2023	32,197	32,197	-	103,030	31.25%

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

For reference only:

¹ *Employer contribution rate multiplied by employer's covered employee payroll*

² *Actual employer contributions remitted to the respective pension funds*

³ *Employer's covered employee payroll amount for the fiscal year ended.*

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2023

FRS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2016	24,809	24,809	-	84,817	29.25%
2017	24,903	24,903	-	91,589	27.19%
2018	22,072	22,072	-	87,414	25.25%
2019	24,980	24,980	-	133,457	18.72%
2020	33,737	33,737	-	127,309	26.50%
2021	41,426	41,426	-	128,453	32.25%
2022	45,576	45,576	-	135,040	33.75%
2023	55,513	55,513	-	166,957	33.25%

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

For reference only:

- ¹ Employer contribution rate multiplied by employer's covered employee payroll
- ² Actual employer contributions remitted to the respective pension funds
- ³ Employer's covered employee payroll amount for the fiscal year ended.

OTHER INFORMATION

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2023

Agency Head	<u>Mayor John Crow</u>
Salary	\$ 48,431
Benefits	
Insurance	379
Telephone	2,037
Travel	1,336
Meals	2,453
Uniforms	220
Utilities Discount	96
Total Benefits	<u>6,521</u>
Total	<u><u>\$ 54,952</u></u>

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2023

Robert Allen	\$	13,758
Caroline Gatson		12,750
Ricky Johnkin		11,100
Thomas Nation		11,200
Kerry Hill		11,100
	<u>\$</u>	<u>59,908</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
LCDBG WATER IMPROVEMENT PROJECT
BALANCE SHEET
JUNE 30, 2023

Assets

Grants Receivable - LCDBG	\$	-
Due from Water Fund		-
		-

Total Assets

-

Liabilities and Fund Balance

Accounts Payable		-
Retainage Payable		-
Total Liabilities		-

Fund Balance

-

Total Liabilities and Fund Balance

\$ -

See independent auditor's report

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
LCDBG WATER IMPROVEMENT PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

<u>Revenues</u>	
Grant Proceeds	\$ 12,289
<u>Expenses</u>	
Construction	12,289
<u>Excess Revenues Over Expenditures</u>	
	-
<u>Fund Balance - Beginning</u>	
	-
<u>Fund Balance - Ending</u>	
	\$ -

See independent auditor's report

TOWN OF FARMERVILLE, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2023

Cash Basis Presentation	First Six Month Period Ended <u>12/31/2022</u>	Second Six Month Period Ended <u>6/30/2023</u>
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	6,147	9,117
Criminal Fines - Other	20,499	29,769
Subtotal Collections	<u>26,646</u>	<u>38,886</u>
Less: Disbursements to Governments & Nonprofits		
LA Traumatic Head & Spinal Cord Injury Trust Fund	Criminal Court Costs/Fees 115	195
LA Commission on Law Enforcement-Training	Criminal Court Costs/Fees 230	384
LA Commission on Law Enforcement-Crime Victims	Criminal Court Costs/Fees 135	105
Trial Court Case Management Information System	Criminal Court Costs/Fees 339	748
Union Parish Crime Stoppers	Criminal Court Costs/Fees 214	378
N. La. Criminalistic Laboratory Commission	Criminal Court Costs/Fees 3,704	5,976
Louisiana Judicial College Fund	Criminal Court Costs/Fees 57	98
Less: Amounts Retained by Collecting Agency		
Criminal Court Costs/Fees	1,353	1,234
Criminal Fines - Other	20,499	20,346
Subtotal Disbursements/Retainage	<u>26,646</u>	<u>29,464</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ 9,422</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



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

Honorable Mayor and Board of Aldermen of
Farmerville, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, Louisiana (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 28, 2023.

Report on Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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. I consider the deficiency described in the accompanying schedule findings and questioned costs as item 2023-01 to be a material weakness.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-02.

Town of Farmerville, Louisiana's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the finding identified in my audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, I express no opinion on the response.

Purpose of the Report

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

Maxwell CPA, LLC

Sterlington, Louisiana
December 28, 2023

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

I have audited the financial statements of the Town of Farmerville, Louisiana, as of and for the year ended June 30, 2023, and have issued our report thereon dated December 28, 2023. I 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 audit of the financial statements as of June 30, 2023, resulted in an unmodified opinion.

Section I- Summary of Auditors' Results

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness X yes ___ no
 Significant Deficiencies not considered to be
 Material Weaknesses ___ yes X no

Compliance

Noncompliance Material to Financial Statements X yes ___ no

B. Federal Awards – N/A

Material Weakness Identified ___ yes ___ no
 Significant Deficiencies not considered to be
 Material Weaknesses ___ yes ___ no

Type of Opinion on Compliance for Major Programs

Unmodified ___ Qualified ___
 Disclaimer ___ Adverse ___

Are there findings required to be reported in accordance with Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F?

C. Identification of Major Programs – N/A

Name of Federal Program (or cluster)

AL Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs.
 \$750,000

Is the auditee a “low-risk” auditee, as defined by Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), subpart F?

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023 (continued)

Section II- Financial Statement Findings

2023-01 Timely Cut-off of Delinquent Accounts

Condition:

The Town's cut-off policies and procedures to ensure that all delinquent accounts are collected on a timely basis or that service is discontinued are not always being enforced.

Criteria:

Continuing to provide services after the cut-off date and not actively trying to collect delinquent utility account balances is prohibited by Louisiana's constitution.

Cause:

The Town does not enforce timely cut-offs which can lead to customers having large balances and never paying.

Potential Effect:

By not cutting off delinquent accounts, the Town is providing free services to customers which could affect the continued operation and quality of the services in the future.

Recommendation:

The Town should take aggressive action to collect delinquent accounts or cut-off services timely.

Management's Response:

It has been brought to our attention that our current policy is not being followed according to our Ordinance. We plan to enforce our current policy after we do a thorough review of the status of all meters.

2023-02 Compliance with Local Government Budget Act

Condition:

For the year ended June 30, 2023, the Town's Sales Tax Fund's budgeted revenues exceeded its actual revenues by more than 5%.

Criteria:

Louisiana Revised Statute 39:1311 requires that the Town's budget be amended if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

Cause:

The Town included bond proceeds in revenues that were received and recognized in the prior year.

Potential Effect:

The Town was not in compliance with the Local Government Budget Act.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023 (continued)

2023-02 **Compliance with Local Government Budget Act** (continued)

Recommendation:

The Town should monitor the budget closely and make amendments as needed to avoid having negative variances of greater than 5%.

Management's Response:

The account was opened in anticipation for the bond proceeds to be deposited into when the funds became available. The funds were not anticipated to be deposited until after July 1, but were deposited in late June. The budget was already adopted and since the project began and most of the funds were spent in fiscal year 2022/2023 we did not realize the funds were recorded in the previous year.

We will monitor our projects more closely in the future.

Section III- **Federal Award Findings and Questioned Costs**

Not Applicable.

TOWN OF FARMERVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Section I- Internal Control and Compliance Material to the Financial Statements

2022-001 Security for Deposits held at Financial Institutions

Condition:

The Town had bank balances that exceeded the market values of the pledged securities plus \$250,000 of FDIC insurance on June 30, 2022.

Recommendation:

The Town should be aware of the large amounts of revenues that come in at certain times of the year and make sure there is adequate coverage on the deposits.

Current Status:

This finding was resolved in this fiscal year.

Section II- Internal Control and Compliance Material to Federal Awards – N/A

Section III- Management Letter

No management letter was issued.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA

Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2023





INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable John Crow, Mayor; members of the Board of Aldermen of the Town of Farmerville, Louisiana; and the Louisiana Legislative Auditor:

I 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 Farmerville's management is responsible for those C/C areas identified in the SAUPs.

The Town of Farmerville 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:¹
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

¹ For governmental organizations, the practitioner may eliminate those categories and subcategories not applicable to the organization's operations. For quasi-public organizations, including nonprofits, the practitioner may eliminate those categories and subcategories not applicable to public funds administered by the quasi-public.



procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics²**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Findings: Ten exceptions noted where the Town's policies and procedures did not address the required categories and subcategories listed above.

2) Board or Finance Committee³

- 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

² The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the nonprofit should have written policies and procedures relating to ethics.

³ These procedures are not applicable to entities managed by a single elected official, such as a sheriff or assessor.

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds⁴, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds⁵ if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.⁶

Findings: 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 accounts⁷ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

⁴Proprietary fund types are defined under GASB standards and include enterprise and internal service funds. The related procedure addresses these funds as a way to verify that boards are provided with financial information necessary to make informed decisions about entity operations, including proprietary operations that are not required to be budgeted under the Local Government Budget Act.

⁵ R.S. 24:513 (A)(1)(b)(iv) defines public funds.

⁶ No exception is necessary if management's opinion is that the cost of taking corrective action for findings related to improper segregation of duties or inadequate design of controls over the preparation of the financial statements being audited exceeds the benefits of correcting those findings.

⁷ Accounts selected may exclude savings and investment accounts that are not part of the entity's daily business operations.

Findings: Seven exceptions where there was no evidence of preparation within two months and/or a member of management reviewing the reconciliation.

4) Collections (excluding electronic funds transfers)⁸

- A. Obtain a listing of deposit sites⁹ for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations¹⁰ and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - 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;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.¹¹
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

⁸ The Collections category is not required to be performed if the entity has a third-party contractor performing all collection functions (e.g., receiving collections, preparing deposits, and making deposits).

⁹ A deposit site is a physical location where a deposit is prepared and reconciled.

¹⁰ A collection location is a physical location where cash is collected. An entity may have one or more collection locations whose collections are brought to a deposit site for deposit. For example, in a school district a collection location may be a classroom and a deposit site may be the school office. For school boards only, the practitioner should consider the deposit site and collection location to be the same if there is a central person (secretary or bookkeeper) through which collections are deposited.

¹¹ The practitioner is not required to test for completeness of revenues relative to classroom collections by teachers.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.
- iv. Observe that the deposit was made within one business day of receipt¹² at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Findings: Two exceptions where the deposit was not made within the allotted time.

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

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

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - 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

¹² As required by Louisiana Revised Statute 39:1212.

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

Findings: No exceptions noted.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards¹³. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)¹⁴. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

¹³ Including cards used by school staff for either school operations or student activity fund operations.

¹⁴ For example, if 3 of the 5 cards selected were fuel cards, transactions would only be selected for each of the 2 credit cards. Conceivably, if all 5 cards randomly selected under procedure #7B were fuel cards, procedure #7C would not be applicable.

Findings: No exceptions noted.

7) *Travel and Travel-Related Expense Reimbursements*¹⁵ (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Findings: No exceptions noted.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law¹⁶ (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

¹⁵ Non-travel reimbursements are not required to be inspected under this category.

¹⁶ If the entity has adopted the state Procurement Code, replace "Louisiana Public Bid Law" with "Louisiana Procurement Code."

- 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.

Findings: No exceptions noted.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials¹⁷ employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials¹⁸ documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Findings: No exceptions noted.

¹⁷ "Officials" would include those elected, as well as board members who are appointed.

¹⁸ Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

10) *Ethics*¹⁹

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

Findings: One exception where the required employee did not complete the required ethics training.

11) *Debt Service*²⁰

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

Findings: There was no newly issued debt during the fiscal year.

12) *Fraud Notice*²¹

- 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.

¹⁹ The Louisiana Code of Governmental Ethics (Ethics Code) is generally not applicable to nonprofit entities but may be applicable in certain situations, such as councils on aging. If the Ethics Code is applicable to a nonprofit, the procedures should be performed.

²⁰ This AUP category is generally not applicable to nonprofit entities. However, if applicable, the procedures should be performed.

²¹ Observation may be limited to those premises that are visited during the performance of other procedures under the AUPs and the notice is available for download at www.la.gov/hotline

- 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.

Findings: No exceptions noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Findings: I performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment²²

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

²² While it appears to be a good practice for charter schools to ensure it has policies and training for sexual harassment, charter schools do not appear required to comply with the Prevention of Sexual Harassment Law (R.S. 42:341 et seq). An individual charter school, through the specific provisions of its charter, may mandate sexual harassment training.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Findings: The sexual harassment report was not dated. One employee did not complete sexual harassment training.

Management's Response

We agree with the results of the procedures and will address the identified exception.

I was engaged by the Town of Farmerville 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*. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the Town of Farmerville and to meet my 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.

Maxwell CPA, LLC

Sterlington, Louisiana

December 28, 2023