

TOWN OF IOWA, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

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TOWN OF IOWA, LOUISIANA
 ANNUAL FINANCIAL REPORT
 Year Ended June 30, 2021

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TOWN OF IOWA, LOUISIANA

June 30, 2021

MAYOR

The Honorable Paul Hesse

TOWN COUNCIL

Mr. Gerald Guidry
Ms. Julie Fontenot
Mr. Joe Becnel

Mr. Daniel Hennigan
Ms. Vernessa Guillory

LEGAL COUNSEL

Mr. Eugene Bouquet

TOWN CLERK

Ms. Cynthia Mallett

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Town Council
Town of Iowa
Iowa, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Sales Tax - Water Improvements, Sales Tax II - Streets, Sales Tax III, and Iowa Fire Protection District for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Employer's Proportionate Share of Net Pension Liability and the Schedule of Employer's Pension Contributions on pages 60 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Iowa, Louisiana's basic financial statements. The introductory section, combining nonmajor fund financial statements, justice system funding schedules and the Schedule of Compensation, Benefits and Other Payments to Mayor are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, justice system funding schedules and the Schedule of Compensation, Benefits and Other Payments to Mayor are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, justice system funding schedules and the Schedule of Compensation, Benefits and Other Payments to Mayor are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the Town of Iowa, Louisiana's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Iowa, Louisiana's internal control over financial reporting and compliance.

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

Mr. Elroy Quirk - Bush

Lake Charles, Louisiana
January 25, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2021

| <u>ASSETS</u> | <u>Governmental Activities</u> | <u>Business Type Activities</u> | <u>Total</u> |
|--|------------------------------------|---|-------------------|
| Cash and cash equivalents | \$ 4,055,867 | \$ 663,058 | \$ 4,718,925 |
| Certificates of deposit | 183,052 | - | 183,052 |
| Investments | 5,441,889 | 753,192 | 6,195,081 |
| Receivables (net, where applicable, of allowance for uncollectibles): | | | |
| Taxes | 40,973 | - | 40,973 |
| Accounts | 167,289 | 58,967 | 226,256 |
| Intergovernmental | 347,149 | - | 347,149 |
| Internal balance | (11,171) | 11,171 | - |
| Prepaid expenses | 790 | 12,207 | 12,997 |
| Deposits | - | 100 | 100 |
| Restricted assets: | | | |
| Customers' deposits-cash | - | 131,091 | 131,091 |
| Police evidence | 50,127 | - | 50,127 |
| Construction deposit | 5,000 | - | 5,000 |
| Capital assets: | | | |
| Land, improvements and construction in progress | 134,670 | 4,002 | 138,672 |
| Other capital assets, net of depreciation | <u>4,209,971</u> | <u>2,330,163</u> | <u>6,540,134</u> |
| Total assets | <u>14,625,606</u> | <u>3,963,951</u> | <u>18,589,557</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | | |
| Deferred outflows related to pensions | <u>670,787</u> | <u>144,716</u> | <u>815,503</u> |
| <u>LIABILITIES</u> | | | |
| Accounts payables | 235,297 | 9,681 | 244,978 |
| Retainage payable | 40,760 | 16,355 | 57,115 |
| Other payables | 158,930 | 18,875 | 177,805 |
| Payable from restricted assets: | | | |
| Customer deposits | - | 131,091 | 131,091 |
| Police evidence payable | 50,127 | - | 50,127 |
| Construction deposit payable | 5,000 | - | 5,000 |
| Noncurrent liabilities: | | | |
| Due within one year | 41,994 | 2,066 | 44,060 |
| Due in more than one year | 95,608 | 18,593 | 114,201 |
| Net pension liability | <u>1,258,318</u> | <u>363,623</u> | <u>1,621,941</u> |
| Total liabilities | <u>1,886,034</u> | <u>560,284</u> | <u>2,446,318</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred inflows related to pensions | <u>63,439</u> | <u>6,118</u> | <u>69,557</u> |

(continued on next page)

TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF NET POSITION
June 30, 2021
(Continued)

| | <u>Governmental Activities</u> | <u>Business Type Activities</u> | <u>Total</u> |
|---|------------------------------------|---|----------------------|
| <u>NET POSITION</u> | | | |
| Investment in capital assets, net of related debt | 4,291,082 | 2,334,165 | 6,625,247 |
| Restricted for: | | | |
| Special revenue | 7,936,010 | - | 7,936,010 |
| Unrestricted | <u>1,119,828</u> | <u>1,208,100</u> | <u>2,327,928</u> |
| Total net position | <u>\$ 13,346,920</u> | <u>\$ 3,542,265</u> | <u>\$ 16,889,185</u> |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|-----------------------------------|---------------------|---|--|--|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Government activities: | | | | |
| General government | \$ 2,942,150 | \$ 256,157 | \$ - | \$ - |
| Public safety | 2,411,470 | 737,465 | 43,774 | - |
| Highway and streets | 357,092 | - | - | - |
| Culture and recreation | 241,947 | - | 265 | - |
| Drainage | 233,648 | - | 42,601 | - |
| Total governmental activities | <u>6,187,307</u> | <u>993,622</u> | <u>86,640</u> | <u>-</u> |
| Business-type activities: | | | | |
| Water utility | 640,273 | 344,197 | - | - |
| Sanitation | 849,939 | 707,184 | - | - |
| Total business-type activities | <u>1,490,212</u> | <u>1,051,381</u> | <u>-</u> | <u>-</u> |
| Total government | <u>\$ 7,676,519</u> | <u>\$ 2,045,003</u> | <u>\$ 86,640</u> | <u>\$ -</u> |

General revenues:

Ad valorem taxes
Sales taxes
Franchise taxes
Gaming taxes
Other taxes
Intergovernmental
Interest earned
Miscellaneous

Transfers

Total general revenues
and transfers

Change in net position

Net position at beginning of year

Net position at end of year

See accompanying notes to financial statements

| Net (Expenses) Revenue and Changes in Net Position | | |
|---|--------------------------------|-----------------------|
| Governmental Activities | Business Type Activities | Total |
| \$ (2,685,993) | \$ - | \$ (2,685,993) |
| (1,630,231) | - | (1,630,231) |
| (357,092) | - | (357,092) |
| (241,682) | - | (241,682) |
| (191,047) | - | (191,047) |
| <u>(5,106,045)</u> | <u>-</u> | <u>(5,106,045)</u> |
| - | (296,076) | (296,076) |
| <u>-</u> | <u>(142,755)</u> | <u>(142,755)</u> |
| - | (438,831) | (438,831) |
| <u>\$ (5,106,045)</u> | <u>\$ (438,831)</u> | <u>\$ (5,544,876)</u> |
| \$ 260,702 | \$ - | \$ 260,702 |
| 2,730,110 | - | 2,730,110 |
| 197,713 | - | 197,713 |
| 189,859 | - | 189,859 |
| 20,048 | - | 20,048 |
| 617,114 | - | 617,114 |
| 12,323 | 1,806 | 14,129 |
| 1,312,716 | 11,158 | 1,323,874 |
| (103,623) | 103,623 | - |
| <u>5,236,962</u> | <u>116,587</u> | <u>5,353,549</u> |
| 130,917 | (322,244) | (191,327) |
| <u>13,216,003</u> | <u>3,864,509</u> | <u>17,080,512</u> |
| <u>\$ 13,346,920</u> | <u>\$ 3,542,265</u> | <u>\$ 16,889,185</u> |

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FUND FINANCIAL STATEMENTS

TOWN OF IOWA, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021

| <u>ASSETS</u> | <u>General</u> | <u>Water Improvements</u> | <u>Streets II</u> |
|--|---------------------|-------------------------------|---------------------|
| Cash | \$ 688,977 | \$ 845,894 | \$ 849,339 |
| Certificate of deposit | - | - | - |
| Investments | 1,194,479 | 3,009,251 | 753,373 |
| Receivables (net, where applicable, of allowance for uncollectibles): | | | |
| Taxes | 3,001 | 37,972 | - |
| Accounts Intergovernmental | 167,289 | - | - |
| Due from other funds | 34,447 | 333,654 | 120,208 |
| Prepays | 790 | - | - |
| Restricted assets: | | | |
| Construction deposit | 5,000 | - | - |
| Police evidence | 50,127 | - | - |
| Total assets | <u>\$ 2,144,110</u> | <u>\$ 4,226,771</u> | <u>\$ 1,722,920</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 56,751 | \$ 153,671 | \$ 16,250 |
| Retainage payable | - | 15,425 | 25,335 |
| Other payables | 141,215 | 5,408 | 7,533 |
| Payable from restricted assets: | | | |
| Construction deposit payable | 5,000 | - | - |
| Police evidence payable | 50,127 | - | - |
| Due to other funds | 36,176 | 134,993 | 1,224 |
| Total liabilities | <u>289,269</u> | <u>307,497</u> | <u>50,342</u> |
| Fund balances: | | | |
| Restricted for: | | | |
| Water improvements | - | 3,917,274 | - |
| Streets | - | - | 1,672,578 |
| Flood control, economic development and capital improvements to City Hall | - | - | - |
| Parks and streets | - | - | - |
| Police drug enforcement | - | - | - |
| Fire protection | - | - | - |
| Sewer improvements | - | - | - |
| Unassigned | 1,854,841 | - | - |
| Total fund balance | <u>1,854,841</u> | <u>3,917,274</u> | <u>1,672,578</u> |
| Total liabilities and fund balances | <u>\$ 2,144,110</u> | <u>\$ 4,226,771</u> | <u>\$ 1,722,920</u> |

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

Total fund balance - total governmental funds
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Amounts related to pension recognition are not due and payable in the current period and, therefore, are not reported in the funds

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

Total net position - governmental activities

See accompanying notes to financial statements

| Sales Tax III | Fire Protection | Non-Major Governmental Funds | Total Governmental Funds |
|---------------------|--------------------|------------------------------------|--------------------------------|
| \$ 524,846 | \$ 743,818 | \$ 402,993 | \$ 4,055,867 |
| - | 174,627 | 8,425 | 183,052 |
| 484,786 | - | - | 5,441,889 |
| - | - | - | 40,973 |
| - | - | - | 167,289 |
| - | 13,495 | - | 347,149 |
| 188,986 | - | - | 343,641 |
| - | - | - | 790 |
| - | - | - | 5,000 |
| - | - | - | 50,127 |
| <u>\$ 1,198,618</u> | <u>\$ 931,940</u> | <u>\$ 411,418</u> | <u>\$ 10,635,777</u> |

| | | | |
|--------------|--------------|----------------|----------------|
| \$ - | \$ 1,311 | \$ 7,314 | \$ 235,297 |
| - | - | - | 40,760 |
| 2,966 | - | 1,808 | 158,930 |
| - | - | - | 5,000 |
| - | - | - | 50,127 |
| - | 1,176 | 181,243 | 354,812 |
| <u>2,966</u> | <u>2,487</u> | <u>190,365</u> | <u>844,926</u> |

| | | | |
|---------------------|-------------------|-------------------|----------------------|
| - | - | - | 3,917,274 |
| - | - | - | 1,672,578 |
| 1,195,652 | - | - | 1,195,652 |
| - | - | 193,160 | 193,160 |
| - | - | 27,884 | 27,884 |
| - | 929,453 | - | 929,453 |
| - | - | 9 | 9 |
| - | - | - | 1,854,841 |
| <u>1,195,652</u> | <u>929,453</u> | <u>221,053</u> | <u>9,790,851</u> |
| <u>\$ 1,198,618</u> | <u>\$ 931,940</u> | <u>\$ 411,418</u> | <u>\$ 10,635,777</u> |

\$ 9,790,851

4,344,641

(650,970)

(137,602)

\$ 13,346,920

TOWN OF IOWA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2021

| | | <u>Special Revenue</u> | |
|--|---------------------|------------------------|---------------------|
| | | <u>Water</u> | |
| | <u>General</u> | <u>Improvements</u> | <u>Streets II</u> |
| Revenues: | | | |
| Tax revenue | \$ 889,638 | \$ 873,635 | \$ 709,829 |
| Licenses and permits | 209,515 | - | - |
| Intergovernmental | 283,459 | 333,654 | - |
| Charges for services | 16,995 | - | - |
| Fines and forfeits | 693,441 | - | - |
| Interest earned | 3,128 | 4,380 | 1,752 |
| Fire insurance | - | - | - |
| Grants | 2,080 | - | - |
| Miscellaneous | 2,048 | 372,941 | - |
| Total revenues | <u>2,100,304</u> | <u>1,584,610</u> | <u>711,581</u> |
| Expenditures: | | | |
| Current: | | | |
| General government | 521,313 | - | - |
| Public safety | 2,175,055 | - | - |
| Highways and streets | - | - | 572,917 |
| Culture and recreation | - | - | - |
| Fire protection district | - | - | - |
| Drainage | - | - | - |
| Other services and charges | - | 2,337,968 | - |
| Total expenditures | <u>2,696,368</u> | <u>2,337,968</u> | <u>572,917</u> |
| Excess (deficiency) of revenues over expenditures | <u>(596,064)</u> | <u>(753,358)</u> | <u>138,664</u> |
| Other financing sources (uses): | | | |
| Operating transfers in | 187,705 | - | - |
| Operating transfers out | - | (103,623) | - |
| Total other financing sources (uses) | <u>187,705</u> | <u>(103,623)</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over expenditures and other uses | <u>(408,359)</u> | <u>(856,981)</u> | <u>138,664</u> |
| Fund balance at beginning of year | <u>2,263,200</u> | <u>4,774,255</u> | <u>1,533,914</u> |
| Fund balance at end of year | <u>\$ 1,854,841</u> | <u>\$ 3,917,274</u> | <u>\$ 1,672,578</u> |

See accompanying notes to financial statements

| <u>Sales Tax III</u> | <u>Fire Protection</u> | <u>Non-Major Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------|----------------------------|---|---|
| \$ 546,022 | \$ 160,899 | \$ 218,409 | \$ 3,398,432 |
| - | - | - | 209,515 |
| - | 53,580 | 48,691 | 719,384 |
| - | - | - | 16,995 |
| - | - | - | 693,441 |
| 694 | 1,911 | 459 | 12,324 |
| - | 13,495 | - | 13,495 |
| 42,601 | - | - | 44,681 |
| - | 905,071 | 265 | 1,280,325 |
| <u>589,317</u> | <u>1,134,956</u> | <u>267,824</u> | <u>6,388,592</u> |
| 3,999 | - | 25,902 | 551,214 |
| - | - | - | 2,175,055 |
| - | - | - | 572,917 |
| - | - | 126,742 | 126,742 |
| - | 301,728 | - | 301,728 |
| 129,422 | - | - | 129,422 |
| 3,000 | - | - | 2,340,968 |
| <u>136,421</u> | <u>301,728</u> | <u>152,644</u> | <u>6,198,046</u> |
| <u>452,896</u> | <u>833,228</u> | <u>115,180</u> | <u>190,546</u> |
| - | - | - | 187,705 |
| - | (187,705) | - | (291,328) |
| - | (187,705) | - | (103,623) |
| 452,896 | 645,523 | 115,180 | 86,923 |
| <u>742,756</u> | <u>283,930</u> | <u>105,873</u> | <u>9,703,928</u> |
| <u>\$ 1,195,652</u> | <u>\$ 929,453</u> | <u>\$ 221,053</u> | <u>\$ 9,790,851</u> |

TOWN OF IOWA, LOUISIANA

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

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

| | |
|--|-------------------|
| Net change in fund balance - total governmental funds | \$ 86,923 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 240,257 |
| Disposal of assets | (69,026) |
| Net effect of pension liability recognition | (161,797) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 17,576 |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. | <u>16,984</u> |
| Change in net position of governmental activities | <u>\$ 130,917</u> |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2021

| | Budgeted Amounts | | | Variance With Final Budget Positive (Unfavorable) |
|---|------------------|--------------|--------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Tax revenue | \$ 824,500 | \$ 889,638 | \$ 889,638 | \$ - |
| Licenses and permits | 208,700 | 209,515 | 209,515 | - |
| Intergovernmental | 453,000 | 283,459 | 283,459 | - |
| Charges for services | 30,300 | 16,995 | 16,995 | - |
| Fines and forfeits | 938,500 | 693,441 | 693,441 | - |
| Interest earned | 30,000 | 3,128 | 3,128 | - |
| Grants received | 8,000 | 2,080 | 2,080 | - |
| Miscellaneous | 10,000 | 2,048 | 2,048 | - |
| Total revenues | 2,503,000 | 2,100,304 | 2,100,304 | - |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 520,400 | 520,400 | 521,313 | (913) |
| Public safety | 2,141,439 | 2,141,439 | 2,175,055 | (33,616) |
| Total expenditures | 2,661,839 | 2,661,839 | 2,696,368 | (34,529) |
| Excess (deficiency) of revenues over expenditures | (158,839) | (561,535) | (596,064) | (34,529) |
| Other financing sources (uses): | | | | |
| Operating transfers in (out) | 159,000 | 187,705 | 187,705 | - |
| Excess (deficiency) of revenue and other financing sources over expenditures and other uses | 161 | (373,830) | (408,359) | (34,529) |
| Fund balance at beginning of year | 2,263,200 | 2,263,200 | 2,263,200 | - |
| Fund balance at end of year | \$ 2,263,361 | \$ 1,889,370 | \$ 1,854,841 | \$ (34,529) |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
SALES TAX - WATER IMPROVEMENTS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2021

| | Budgeted Amounts | | | Variance With Final Budget Positive (Unfavorable) |
|---|------------------|--------------|--------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Tax revenue | \$ 578,501 | \$ 578,501 | \$ 873,635 | \$ 295,134 |
| Intergovernmental | 54,800 | 54,800 | 333,654 | 278,854 |
| Interest earned | 70,000 | 70,000 | 4,380 | (65,620) |
| Miscellaneous | 170,400 | 170,400 | 372,941 | 202,541 |
| Total revenues | 873,701 | 873,701 | 1,584,610 | 710,909 |
| Expenditures: | | | | |
| Current: | | | | |
| Other services and charges | 1,276,269 | 2,337,968 | 2,337,968 | - |
| Excess (deficiency) of revenues over expenditures | (402,568) | (1,464,267) | (753,358) | 710,909 |
| Other financing sources (uses): | | | | |
| Operating transfers out | - | (103,623) | (103,623) | - |
| Excess (deficiency) of revenue and other financing sources over expenditures and other uses | (402,568) | (1,567,890) | (856,981) | 710,909 |
| Fund balance at beginning of year | 4,774,255 | 4,774,255 | 4,774,255 | - |
| Fund balance at end of year | \$ 4,371,687 | \$ 3,206,365 | \$ 3,917,274 | \$ 710,909 |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
SALES TAX II - STREETS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2021

| | Budgeted Amounts | | | Variance With Final Budget Positive (Unfavorable) |
|---|------------------|--------------|--------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Tax revenue | \$ 523,693 | \$ 523,693 | \$ 709,829 | \$ 186,136 |
| Interest earned | 15,000 | 15,000 | 1,752 | (13,248) |
| Total revenues | 538,693 | 538,693 | 711,581 | 172,888 |
| Expenditures: | | | | |
| Current: | | | | |
| Highways and streets | 799,240 | 799,240 | 572,917 | 226,323 |
| Excess (deficiency) of revenues over expenditures | (260,547) | (260,547) | 138,664 | 399,211 |
| Fund balance at beginning of year | 1,533,914 | 1,533,914 | 1,533,914 | - |
| Fund balance at end of year | \$ 1,273,367 | \$ 1,273,367 | \$ 1,672,578 | \$ 399,211 |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
SALES TAX III

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2021

| | Budgeted Amounts | | | Variance With Final Budget Positive (Unfavorable) |
|---|------------------|------------|--------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Tax revenue | \$ 402,840 | \$ 402,840 | \$ 546,022 | \$ 143,182 |
| Interest earned | 10,000 | 10,000 | 694 | (9,306) |
| Grants received | 83,624 | 83,624 | 42,601 | (41,023) |
| Total revenues | 496,464 | 496,464 | 589,317 | 92,853 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 22,144 | 22,144 | 3,999 | 18,145 |
| Culture and recreation | 244,855 | 244,855 | - | 244,855 |
| Drainage | 225,965 | 225,965 | 129,422 | 96,543 |
| Other services and charges | 3,500 | 3,500 | 3,000 | 500 |
| Total expenditures | 496,464 | 496,464 | 136,421 | 360,043 |
| Excess (deficiency) of revenues over expenditures | - | - | 452,896 | 452,896 |
| Fund balance at beginning of year | 742,756 | 742,756 | 742,756 | - |
| Fund balance at end of year | \$ 742,756 | \$ 742,756 | \$ 1,195,652 | \$ 452,896 |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
FIRE PROTECTION

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended June 30, 2021

| | Budgeted Amounts | | | Variance With Final Budget Positive (Unfavorable) |
|--|------------------|------------|------------|--|
| | Original | Final | Actual | |
| Revenues: | | | | |
| Tax revenue | \$ - | \$ 160,900 | \$ 160,900 | \$ - |
| Interest earned | - | 1,911 | 1,911 | - |
| Intergovernmental | - | 53,580 | 53,580 | - |
| Fire insurance | - | 13,495 | 13,495 | - |
| Miscellaneous | - | 891,574 | 905,070 | 13,496 |
| Total revenues | - | 1,121,460 | 1,134,956 | 13,496 |
| Expenditures: | | | | |
| Current: | | | | |
| Fire protection | - | 301,728 | 301,728 | - |
| Excess (deficiency) of revenues over expenditures | - | 819,732 | 833,228 | 13,496 |
| Other financing sources (uses) | | | | |
| Operating transfers in (out) | - | (187,705) | (187,705) | - |
| Excess (deficiency) of revenues and other financing sources over expenditures and other uses | - | 632,027 | 645,523 | 13,496 |
| Fund balance at beginning of year | 283,930 | 283,930 | 283,930 | - |
| Fund balance at end of year | \$ 283,930 | \$ 915,957 | \$ 929,453 | \$ 13,496 |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
 PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF NET POSITION
 June 30, 2021

ASSETS

| | | |
|--|----|------------------|
| Cash and cash equivalents | \$ | 663,058 |
| Investments | | 753,192 |
| Receivables (net, where applicable, of allowance for uncollectibles): | | |
| Accounts | | 58,967 |
| Due from other funds | | 11,171 |
| Prepaid expenses | | 12,207 |
| Deposits | | 100 |
| Restricted assets: | | |
| Customers' deposits-cash | | 131,091 |
| Capital assets: | | |
| Land, improvements and construction in progress | | 175,020 |
| Other capital assets, net of depreciation | | 2,159,145 |
| Total assets | | <u>3,963,951</u> |

DEFERRED OUTFLOWS OF RESOURCES

| | | |
|---------------------------------------|--|----------------|
| Deferred outflows related to pensions | | <u>144,716</u> |
|---------------------------------------|--|----------------|

LIABILITIES

| | | |
|---------------------------------|--|----------------|
| Accounts payable | | 9,681 |
| Retainage payable | | 16,355 |
| Other payables | | 18,875 |
| Payable from restricted assets: | | |
| Customer deposits | | 131,091 |
| Noncurrent liabilities: | | |
| Due within one year | | 2,066 |
| Due in more than one year | | 18,593 |
| Net pension liability | | <u>363,623</u> |
| Total liabilities | | <u>560,284</u> |

DEFERRED INFLOWS OF RESOURCES

| | | |
|--------------------------------------|--|--------------|
| Deferred inflows related to pensions | | <u>6,118</u> |
|--------------------------------------|--|--------------|

NET POSITION

| | | |
|---|--|---------------------|
| Investment in capital assets, net of related debt | | 2,334,165 |
| Unrestricted | | <u>1,208,100</u> |
| Total net position | | <u>\$ 3,542,265</u> |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
Year Ended June 30, 2021

| | |
|-----------------------------------|---------------------|
| Operating revenues: | |
| Charges for services | <u>\$ 1,051,381</u> |
| Operating expenses: | |
| Salaries | 449,114 |
| Insurance | 39,278 |
| Repairs, maintenance and supplies | 136,755 |
| Utilities | 64,153 |
| Other services and charges | 405,384 |
| Depreciation | <u>391,858</u> |
| Total operating expenses | <u>1,486,542</u> |
| Operating (loss) | <u>(435,161)</u> |
| Nonoperating revenues (expenses): | |
| Interest earned | 1,806 |
| (Loss) on disposal of asset | (3,670) |
| Miscellaneous | <u>11,158</u> |
| Total nonoperating revenues | <u>9,294</u> |
| (Loss) before transfers | (425,867) |
| Operating transfers in | <u>103,623</u> |
| Change in net position | (322,244) |
| Net position at beginning of year | <u>3,864,509</u> |
| Net position at end of year | <u>\$ 3,542,265</u> |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA
 PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS
 Year Ended June 30, 2021

| | |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash received from customers | \$ 1,075,407 |
| Cash payments to suppliers for goods and services | (650,374) |
| Cash payments to employees for services | (411,138) |
| Net cash provided by operating activities | <u>13,895</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | |
| Operating transfer from other funds (net) | 103,623 |
| Interfund payable decrease | 4,499 |
| Net cash provided by noncapital financing activities | <u>108,122</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Miscellaneous proceeds received | 11,158 |
| Acquisition of fixed assets | (313,888) |
| Net cash (used in) capital and related financing activities | <u>(302,730)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Receipts of interest | 1,806 |
| Purchase of investments | (758) |
| Net cash provided by investing activities | <u>1,048</u> |
| Net (decrease) in cash and cash equivalents | (179,665) |
| Cash and cash equivalents: | |
| Beginning of year | <u>973,814</u> |
| End of year | <u>\$ 794,149</u> |
| Cash and cash equivalents at end of year consisted of: | |
| Unrestricted cash | \$ 663,058 |
| Restricted cash | <u>131,091</u> |
| | <u>\$ 794,149</u> |

(continued on next page)

TOWN OF IOWA, LOUISIANA
PROPRIETARY FUND - UTILITY ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

| | |
|--|------------------|
| RECONCILIATION OF OPERATING (LOSS) TO NET CASH | |
| PROVIDED BY OPERATING ACTIVITIES | |
| Operating (loss) | \$ (435,161) |
| Adjustments to reconcile operating (loss) to net cash | |
| provided by operating activities: | |
| Depreciation | 391,858 |
| Changes in assets and liabilities: | |
| Decrease in accounts receivable and other receivables | 25,895 |
| (Decrease) in accounts payable and other payables | (4,804) |
| (Decrease) in customer deposits | (1,869) |
| Increase in net pension liability | 79,073 |
| Changes in deferred inflows and outflows of resources: | |
| (Increase) in deferred outflows related to pensions | (34,594) |
| (Decrease) in deferred inflows related to pensions | <u>(6,503)</u> |
| Net cash provided by operating activities | <u>\$ 13,895</u> |

See accompanying notes to financial statements

TOWN OF IOWA, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies

The Town of Iowa, Louisiana was incorporated June 26, 1952, under the provisions of the Lawrason Act. The Town operates under a Mayor-Town Council form of government.

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

The following is a summary of certain significant accounting policies.

A. Financial Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Town Council of the Town of Iowa, Louisiana. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 and No. 61 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Consistent with these criteria, the Town of Iowa, Louisiana has determined that the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish is a component unit of the Town.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government.

The Statement of Net Position and the Statement of Activities report financial information for the Town as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and (2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

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

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

GOVERNMENTAL FUNDS

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

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

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

PROPRIETARY FUNDS

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

C. Measurement Focus and Basis of Accounting

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

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

In the fund financial statements, governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

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

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

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

D. Deferred Outflows of Resources and Deferred Inflows of Resources

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

E. Net Position Flow Assumption

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

Fund balances:

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

Net position:

Net position is displayed in three components:

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

F. Budgets and Budgetary Accounting

The Mayor and Town Clerk prepare a proposed budget and submit same to the Town Council prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.

A summary of the proposed budget is published, a public hearing is held, and the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is adopted.

Any revisions that alter total expenditures of any fund must be approved by the Councilmen. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. All budgetary appropriations lapse at the end of each fiscal year.

Budgets for the General and Special Revenue Funds are adopted on a modified accrual basis of accounting. Budgeted amounts are as originally adopted, or as amended by the Town Council.

Encumbrance accounting is not used.

G. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit are stated at cost. At June 30, 2021, the Town had no cash equivalents.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the Town to invest in United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

H. Bad Debts

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

I. Interfund Activity

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

J. Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,500.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

| | |
|-------------------------|----------------|
| Plant | 10 to 33 years |
| Machinery and equipment | 5 to 10 years |
| Furniture and fixtures | 5 to 10 years |

K. Property Taxes

Property taxes levied in any one year are recognized as revenues of that year.

L. Compensated Absences

It is the Town's policy to permit employees to accumulate earned, but unused, paid time off (PTO). All PTO is accrued when incurred in the government-wide and proprietary fund financial statements.

Each full-time employee shall earn PTO at the following rates for each quarter, based on years of employment with the Town:

| | |
|-------------------------|----------------------|
| Post probation - 1 year | 44 hours per quarter |
| 1-5 years | 57 hours per quarter |
| 5-10 years | 69 hours per quarter |
| 10+ years | 81 hours per quarter |

Employees may also receive compensatory time off with pay in lieu of overtime pay for work in excess of regular scheduled hours. Compensatory time may be accumulated up to 240 hours for regular employees and 480 hours for police and fire.

Upon separation of employment, the employee shall be paid for unused PTO/compensatory time.

Note 2. Cash, Cash Equivalents and Investments

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

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

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

The deposits at June 30, 2021 are as follows:

| June 30, 2021 | <u>Demand Deposits</u> | <u>Time Deposits</u> |
|---|------------------------|----------------------|
| Carrying amount | \$ <u>4,899,043</u> | \$ <u>183,052</u> |
| Bank balances: | | |
| a. Federally insured | \$ 750,000 | \$ 183,052 |
| b. Collateralized by securities held by the pledging financial institution | 3,980,592 | - |
| c. Uncollateralized and uninsured | <u>319,886</u> | <u>-</u> |
| Total bank balances | \$ <u>5,050,478</u> | \$ <u>183,052</u> |

Investments held at June 30, 2021, consist of \$6,200,081 in the Louisiana Asset Management Pool Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). Of this amount, \$5,000 was restricted for a construction deposit. LAMP is administered by LAMP Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

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

Credit risk. State law limits investments to United States bonds, treasury notes, or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having a principal office in the State of Louisiana. Local governments in Louisiana are authorized to invest in LAMP. The Town has no investment policy that would further limit its investment choices. As of June 30 2021, the Town's investment in LAMP was rated AAAM by Standard & Poor's.

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

As of June 30, 2021, the Town had the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-------------------------|---------------------|----------------------------------|-------------|-------------|--------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Certificates of deposit | \$ 183,052 | \$ 183,052 | \$ - | \$ - | \$ - |
| LAMP | 6,200,081 | 6,200,081 | - | - | - |
| | <u>\$ 6,383,133</u> | <u>\$ 6,383,133</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 3. Individual Fund Transactions

Individual fund interfund receivables and payables are as follows:

| | Receivables | Payables |
|-------------------------------------|-------------------|-------------------|
| General Fund | \$ - | \$ 1,729 |
| Sales Tax Fund - Water Improvements | - | 134,993 |
| Sales Tax Fund - Streets II | 118,984 | - |
| Sales Tax Fund - Sales Tax III | 188,986 | - |
| Iowa Fire Protection District | - | 1,176 |
| Non-major Governmental funds | - | 181,243 |
| Water Utility Fund | 11,171 | - |
| | <u>\$ 319,141</u> | <u>\$ 319,141</u> |

Operating transfers:

| | Transfers In | Transfers Out |
|--------------------------------|-------------------|-------------------|
| General Fund: | | |
| Iowa Fire Protection District | \$ 187,705 | \$ - |
| Sales Tax Water Improvements: | | |
| Water Utility Fund | - | 103,623 |
| Water Utility Fund: | | |
| Sales Tax Water Improvements | 103,623 | - |
| Iowa Fire Protection District: | | |
| General Fund | - | 187,705 |
| Grand totals | <u>\$ 291,328</u> | <u>\$ 291,328</u> |

Note 4. Restricted Assets

Restricted assets were applicable to the following at June 30, 2021:

| | |
|--|----------|
| General Fund: | |
| Construction deposit | \$ 5,000 |
| Police evidence | 50,127 |
| Enterprise Fund: | |
| Customers deposits-water and sewer maintenance services | 131,091 |

Note 5. Changes in Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

| | Beginning of Year | Additions | Deletions | End of Year |
|--|----------------------|-------------------|-------------------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 134,670 | \$ - | \$ - | \$ 134,670 |
| Construction in progress | 495,720 | - | 495,720 | - |
| Total capital assets not being depreciated | <u>630,390</u> | <u>-</u> | <u>495,720</u> | <u>134,670</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 2,539,723 | - | 222,784 | 2,316,939 |
| Improvements other than buildings | 633,255 | 153,182 | 172,792 | 613,645 |
| Furniture and equipment | 1,230,495 | 287,020 | 15,975 | 1,501,540 |
| Vehicles | 1,155,798 | 101,044 | - | 1,256,842 |
| Infrastructure | <u>2,765,185</u> | <u>661,125</u> | <u>-</u> | <u>3,426,310</u> |
| Total capital assets being depreciated | <u>8,324,456</u> | <u>1,202,371</u> | <u>411,551</u> | <u>9,115,276</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,233,314 | 48,771 | 222,784 | 1,059,301 |
| Improvements other than buildings | 391,302 | 55,812 | 103,766 | 343,348 |
| Furniture and equipment | 984,524 | 101,807 | 15,975 | 1,070,356 |
| Vehicles | 861,180 | 128,512 | - | 989,692 |
| Infrastructure | <u>1,311,115</u> | <u>131,493</u> | <u>-</u> | <u>1,442,608</u> |
| Total accumulated depreciation | <u>4,781,435</u> | <u>466,395</u> | <u>342,525</u> | <u>4,905,305</u> |
| Capital assets, being depreciated, net | <u>3,543,021</u> | <u>735,976</u> | <u>69,026</u> | <u>4,209,971</u> |
| Government activities capital assets, net | <u>\$ 4,173,411</u> | <u>\$ 735,976</u> | <u>\$ 564,746</u> | <u>\$ 4,344,641</u> |

| | <u>Beginning of Year</u> | <u>Additions</u> | <u>Deletions</u> | <u>End of Year</u> |
|--|------------------------------|------------------|-------------------|------------------------|
| Business-type activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,002 | \$ - | \$ - | \$ 4,002 |
| Construction in progress | <u>41,146</u> | <u>265,778</u> | <u>135,908</u> | <u>171,016</u> |
| Total Capital assets not being depreciated | <u>48,148</u> | <u>265,778</u> | <u>135,908</u> | <u>175,018</u> |
| Capital assets being depreciated: | | | | |
| Plant and equipment | 11,474,048 | 171,687 | 57,237 | 11,588,498 |
| Machinery | <u>345,814</u> | <u>12,329</u> | <u>-</u> | <u>358,143</u> |
| Total capital assets being depreciated | <u>11,819,862</u> | <u>184,016</u> | <u>57,237</u> | <u>11,946,641</u> |
| Less accumulated depreciation for: | | | | |
| Plant and equipment | 9,223,733 | 351,821 | 53,567 | 9,521,987 |
| Machinery | <u>225,472</u> | <u>40,037</u> | <u>-</u> | <u>265,509</u> |
| Total accumulated depreciation | <u>9,449,205</u> | <u>391,858</u> | <u>53,567</u> | <u>9,787,496</u> |
| Capital assets, being depreciated, net | <u>2,370,657</u> | <u>(207,842)</u> | <u>3,670</u> | <u>2,159,145</u> |
| Business-type activities capital assets, net | <u>\$ 2,415,805</u> | <u>\$ 57,936</u> | <u>\$ 139,578</u> | <u>\$ 2,334,163</u> |

Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------|-------------------|
| General government | \$ 54,576 |
| Public safety | 181,496 |
| Highway and streets | 74,717 |
| Culture and recreation | 51,379 |
| Drainage | <u>104,227</u> |
| Total depreciation | <u>\$ 466,395</u> |

Note 6. Long-Term Obligations

The following is a summary of the long-term obligation activity for the year ended June 30, 2021:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Ending One Year |
|--|----------------------|-------------------|------------------|--------------------|---------------------------|
| Governmental activities: | | | | | |
| Leases payable | \$ 71,135 | \$ 40,006 | \$ 57,582 | \$ 53,559 | \$ 33,590 |
| Accrued leave payable | 101,027 | - | 16,984 | 84,043 | 8,404 |
| Net pension liabilities | <u>847,069</u> | <u>411,249</u> | <u>-</u> | <u>1,258,318</u> | <u>-</u> |
| Governmental activities long-term liabilities | <u>\$1,019,231</u> | <u>\$ 451,255</u> | <u>\$ 74,566</u> | <u>\$1,395,920</u> | <u>\$ 41,994</u> |
| Business-type activities: | | | | | |
| Accrued leave payable | \$ 20,659 | \$ - | \$ - | \$ 20,659 | \$ 2,066 |
| Net pension liabilities | <u>284,550</u> | <u>79,073</u> | <u>-</u> | <u>363,623</u> | <u>-</u> |
| Business-type activities long-term liabilities | <u>\$ 305,209</u> | <u>\$ 79,073</u> | <u>\$ -</u> | <u>\$ 384,282</u> | <u>\$ 2,066</u> |

Note 7. Capital Leases

The Town has financing leases for equipment that qualify as capital leases. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under capital lease is included in depreciation expense for the year ended June 30, 2021.

The following is a summary of property held under capital lease at June 30, 2021:

| | |
|--------------------------|------------------|
| Vehicles | \$ 112,901 |
| Accumulated amortization | <u>(14,579)</u> |
| | <u>\$ 98,322</u> |

The following is a summary of long-term liability under capital lease at June 30, 2021:

| | |
|--|------------------|
| Long-term lease payable to Ford Motor Credit at 5.99% of \$43,561, payable in annual installments of \$10,890 each, due June 28, 2024. Lease is secured by equipment under the lease. | \$ 29,116 |
| Long-term lease payable to Ford Motor Credit at 6.90% of \$78,390, payable in annual installments of \$26,130 each, due March 12, 2022. Lease is secured by equipment under the lease. | 24,443 |
| Less current liability under capital lease | <u>(33,590)</u> |
| | <u>\$ 19,969</u> |

The following is a schedule of the future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of June 30, 2021:

| | |
|--|------------------|
| <u>Year ending June 30,</u> | |
| 2022 | \$ 37,021 |
| 2023 | 10,890 |
| 2024 | 10,890 |
| Amount representing interest | <u>(5,242)</u> |
| Present value of net minimum lease payments of which \$33,590 is included in current liabilities | <u>\$ 53,559</u> |

Note 8. Ad Valorem Taxes

For the year ended June 30, 2021, taxes of 5.59 mills were levied by the Town of Iowa on property with assessed valuations totaling \$17,922,230 and were dedicated for general corporate purposes. Taxes of 9.96 mills were levied by the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish on property with assessed valuations-net of exemptions totaling \$16,583,195 and were dedicated for the purpose of providing fire protection to the District.

Total taxes levied were \$100,186 and \$170,420 respectively for the Town and the District. Taxes receivable at June 30, 2021 consisted of the following:

| | <u>2021</u> |
|-----------------------------------|-----------------|
| Taxes receivable current roll | \$ 3,001 |
| Taxes receivable prior years | <u>2,109</u> |
| | 5,110 |
| Allowance for uncollectible taxes | <u>(2,109)</u> |
| | <u>\$ 3,001</u> |

Property taxes are levied November 1 and attach as an enforceable lien on property as of April 30.

Note 9. Fund Balance

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

Non-spendable -

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

Restricted -

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

Committed -

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

Assigned -

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

Unassigned -

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

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

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

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

| Major special revenue fund | Revenue source |
|----------------------------|---|
| Water improvements | 80% of 1% sales tax described in Note 10 related to water improvements |
| Streets II | 65% of 1% sales tax described in Note 10 related to street maintenance and construction |
| Streets III | ½% sales tax described in Note 10 related to flood control, economic development and Town Hall and park capital improvement and maintenance |

Note 10. Dedication of Proceeds and Flow of Funds - 2.5% Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana approved by voters in perpetuity beginning January 2017 (2021 collections \$1,092,044) is dedicated to the following purposes:

1. 80% of collections to be used for capital and other improvements of the Town's Water Works, Sewer, and Wastewater Systems
2. 20% of collections to be used for repair and improvements to the Town's Streets and Parks.
3. Other lawful expenditures of the town, including economic development and the ability to fund avails of the tax into debt.

Proceeds of a 1% sales and use tax levied by the Town of Iowa, Louisiana approved by voters beginning September 2016 set to expire August 2026 (2021 collections \$1,092,044) are dedicated to the following purposes:

1. 65% of collections to be used for street, sidewalk, street lighting maintenance and construction, and sewerage treatment facilities maintenance and construction.
2. 35% of collections to be used for general administrative and general fund needs.

Proceeds of a 1/2% sales and use tax levied by the Town of Iowa, Louisiana approved by voters July 2012 to expire June 2022 (2021 collections \$546,022 are dedicated to the following purposes:

1. Flood control maintenance and flood control purposes.
2. Economic development activities.
3. Capital improvements and maintenance to the Town Hall and Town Park.

Note 11. Pension Plans

Plan Descriptions

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

Plan Description- MERS

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

Plan Description- MPERS

All full-time police department employees engaged in law enforcement are required to participate in MPERS providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Benefits Provided

Retirement Benefits- MERS

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously-mentioned provisions, if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

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

Retirement Benefits- MPERS

Members of MPERS with membership beginning prior to January 1, 2013 are eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent (3.33%) of the member's final compensation (employee's average salary over the 36 consecutive or joined months that produce the highest average) multiplied by the member's years of creditable service.

Members of MPERS with membership beginning on or after January 1, 2013 are eligible for regular retirement, early retirement, disability and survivor benefits based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. This is available to MPERS members who are eligible for regular retirement but have not participated in DROP. This program provides both a one-time single sum payment of up to 46 months of the regular monthly retirement benefit, plus a reduced monthly retirement benefit for life.

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may

participate in DROP only once. During participation in the plan, employer contributions are payable, but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

A member of MPERS is eligible to enter DROP when he or she is eligible for regular retirement based on the members' sub plan participation. At the entry date into DROP, employee and employer contributions cease. The amount deposited into the DROP account for MPERS members is equal to the benefit computed under the retirement plan elected by participant date of application. Interest is earned when the MPERS member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the MPERS member may receive a lump sum from the account or a true annuity based on the account balance.

Disability Benefits

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

A member of MPERS is eligible to retire and receive a disability benefit if he or she has been certified as disabled by the State Medical Disability Board. If the disability incurred is job-related, there is no minimum creditable service requirement. If the disability is non-job-related, a minimum of 10 years of creditable service is required if the member was employed on or after July 1, 2008. Members of MPERS employed prior to July 1, 2008 must have a minimum of 5 years of creditable service to be eligible to retire with disability benefits if the disability incurred is non-job-related. The disability benefit received by a MPERS member is equal to three percent of his or her final average compensation multiplied

by years of creditable service (not less than 40%, nor more than 60% of final average compensation). At the time the disabled MPERS member reaches normal retirement age, he or she will have the option to continue to receive the disability retirement benefit or to receive his or her vested retirement benefit.

Survivor's Benefit

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

Survivor benefits for MPERS members are payable to the surviving spouse or surviving minor child/children of a deceased active contributing member or a deceased disability retiree. Survivor benefits are not payable to survivors of retirees receiving benefits under the provisions of early or normal service retirement. The maximum benefit for a surviving spouse of a MPERS member is equal to the regular retirement formula, regardless of age, but not less than 40% or more than 60% of the deceased member's final average compensation. There is no requirement for minimum years of creditable service. If the MPERS member is killed in the line of duty, the surviving spouse shall receive a benefit equal to 100% of the deceased member's final average compensation, less any survivor benefits payable to a child or children. Each surviving minor child of the MPERS member will receive a benefit equal to 10% of deceased member's final average compensation or \$200 per month, whichever is greater. Benefits for a surviving child cease upon the child's attainment of age 18 or upon marriage, whichever occurs first. The benefit may continue after age 18 if the child meets certain educational or disability requirements. The surviving minor child may receive an increased benefit if there is no surviving spouse of the MPERS member.

Cost of Living Increases

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

MPERS is authorized to provide annual cost of living adjustments to members who have been retired for at least one full fiscal year. The adjustment cannot exceed 3% in any given year. MPERS members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Contributions

The MERS and MPERS employer contribution rates are established annually under La R.S 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending June 30, 2021 the employer contribution rate for MERS Plan B was 15.50% and MPERS was 33.75%. Employer contributions to MERS and MPERS were \$103,879 and \$113,658, respectively, for the year ended June 30, 2021. Employees participating in MERS are required to contribute 5.00% and employees participating in MPERS are required to contribute 10.00%.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. MPERS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. The Town of Iowa recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2021, the Town of Iowa recognized revenue as a result of support received from non-employer contributing entities of \$22,317 for its participation in MERS and \$21,101 for its participation in MPERS.

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

At June 30, 2021, the Town of Iowa reported a liability for MERS and MPERS of \$727,426 and \$894,695, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June

30, 2020 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The Town of Iowa's proportion of the net pension liability for each retirement system was based on a projection of the Town of Iowa's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town of Iowa's proportion for MERS and MPERS was 0.802499% and 0.096804%, respectively. This reflects an increase for MERS of 0.151960% and an increase for MPERS of 0.034864% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town of Iowa recognized pension expense, for which there were no forfeitures, as follows:

| | <u>Pension Expense</u> |
|-------|----------------------------|
| MERS | \$ 202,147 |
| MPERS | <u>258,576</u> |
| Total | <u>\$ 460,723</u> |

At June 30, 2021, the Town of Iowa reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | | <u>Deferred Inflows of Resources</u> | | |
|--|---------------------------------------|--------------|--------------|--------------------------------------|--------------|--------------|
| | <u>MERS</u> | <u>MPERS</u> | <u>Total</u> | <u>MERS</u> | <u>MPERS</u> | <u>Total</u> |
| Differences between expected and actual Experience | - | - | - | 12,236 | 35,241 | 47,477 |
| Changes in assumptions | 22,538 | 21,260 | 43,798 | - | 22,080 | 22,080 |
| Net difference between projected and actual earnings on pension plan investments | 78,953 | 107,336 | 186,289 | - | - | - |
| Changes in proportion and differences between employer contributions and | | | | | | |

| | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| proportionate share of contributions Employer contributions subsequent to measurement date | 84,060 | 283,819 | 367,879 | - | - | - |
| | <u>103,879</u> | <u>113,658</u> | <u>217,537</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$289,430</u> | <u>\$526,072</u> | <u>\$815,503</u> | <u>\$ 12,236</u> | <u>\$ 57,321</u> | <u>\$ 69,557</u> |

During the year ended June 30, 2021, employer contributions totaling \$103,879 and \$113,658 were made subsequent to the measurement date for MERS and MPERS, respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: | <u>MERS</u> | <u>MPERS</u> |
|---------------------|-------------------|-------------------|
| 2022 | \$ 81,853 | \$ 132,152 |
| 2023 | 61,909 | 110,637 |
| 2024 | 17,988 | 91,924 |
| 2025 | <u>11,565</u> | <u>20,381</u> |
| Total | <u>\$ 173,315</u> | <u>\$ 355,094</u> |

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS and MPERS employers as of June 30, 2020 are as follows:

| | <u>MERS Plan B</u> | <u>MPERS</u> |
|-----------------------------|----------------------|-----------------------|
| Total pension liability | \$ 268,596,718 | \$ 3,180,974,031 |
| Plan fiduciary net position | <u>177,974,097</u> | <u>2,256,740,977</u> |
| Total net pension liability | <u>\$ 90,622,621</u> | <u>\$ 924,233,054</u> |

The Town of Iowa's allocation is 0.802499% of the Total Net Pension Liability for MERS and 0.096804% of the Total Net Pension Liability for MPERS.

The total pension liabilities for MERS and MPERS in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

| | MERS | MPERS | | | | | | |
|----------------------------------|--|---|------------------|--------------------|-----|-------|----------|-------|
| Actuarial cost method | Entry Age Normal | Entry Age Normal Cost | | | | | | |
| Expected remaining service lives | 3 years for Plan B | 4 years | | | | | | |
| Investment rate of return | 6.95%, net of investment expense | 6.95%, net of investment expense | | | | | | |
| Inflation rate | 2.50% | 2.50% | | | | | | |
| Projected salary increases | 7.4% for 1-4 years of service, 4.9% more than 4 years of service. | <table border="1"> <thead> <tr> <th>Years of Service</th> <th>Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td>1-2</td> <td>12.30</td> </tr> <tr> <td>3 & over</td> <td>4.70%</td> </tr> </tbody> </table> | Years of Service | Salary Growth Rate | 1-2 | 12.30 | 3 & over | 4.70% |
| Years of Service | Salary Growth Rate | | | | | | | |
| 1-2 | 12.30 | | | | | | | |
| 3 & over | 4.70% | | | | | | | |
| Cost of living adjustments | None | None | | | | | | |
| Mortality | <p>PubG-2010(B) Employee Table for active members (equal to 120% for males and females, each adjusted using respective MP2018 scales):</p> <p>Pub 2010(B) Healthy Retiree Table for annuitants (equal to 120% for males and females, each adjusted using respective MP2018 scales):</p> <p>PubNS-2010(B) Disabled Retiree Table for disabled annuitants (equal to 120% for males and females with the full generation MP2018 scale).</p> | <p>Pub-2010 Employee Table for active members (equal to 115% for males and 125% for females using MP2019 scales)</p> <p>Pub-2010 Healthy Retiree Table for healthy annuitants (equal 115% for males and 125% for females using MP2019 scales)</p> <p>Pub-2010 Disabled Retiree Table for disabled annuitants (equal to 105% for males and 115% for females using MP2019 scales)</p> | | | | | | |

The MERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2013 through June 30, 2018. The MPERS actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.00% and MPERS is 7.19% for the year ended June 30, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS and MPERS as of June 30, 2020 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocations</u> | | <u>Long-Term Expected Real Rate of Return</u> | |
|----------------------|---------------------------|--------------|---|--------------|
| | <u>MERS</u> | <u>MPERS</u> | <u>MERS</u> | <u>MPERS</u> |
| Equity | 53% | 48.5% | 2.33% | 3.08% |
| Fixed income | 38% | 33.5% | 1.67% | 0.54% |
| Alternatives | 9% | 18% | 0.40% | 1.02% |
| Subtotal | <u>100%</u> | <u>100%</u> | 4.40% | 4.64% |
| Inflation adjustment | | | <u>2.60%</u> | <u>2.55%</u> |
| Total | | | <u>7.00%</u> | <u>7.19%</u> |

Discount Rates

The discount rate used to measure the total pension liability for MERS was 6.95 and MPERS was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS and MPERS was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the Town of Iowa's proportionate share of the net pension liability using the discount rate of 6.95% for MERS and 6.95% for MPERS, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for MERS and 5.95% for MPERS) or one percentage-point higher (7.95% for MERS and 7.95% for MPERS) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount</u> | <u>1% Increase</u> |
|-------|---------------------|-----------------------------|---------------------|
| MERS | \$ 968,100 | \$ 727,246 | \$ 523,450 |
| MPERS | <u>1,253,950</u> | <u>894,695</u> | <u>591,864</u> |
| Total | <u>\$ 2,222,050</u> | <u>\$ 1,621,941</u> | <u>\$ 1,115,314</u> |

Payables to the Pension Plans

At June 30, 2021, payables to MERS and MPERS were \$12,189 and \$12,250, respectively, for June 2021 employee and employer legally-required contributions.

Note 12. Compensation of Mayor and Members of the Town Council

Salaries paid to the Mayor and council members during the year are as follows:

| | |
|-------------------|-----------|
| Paul Hesse, Mayor | \$ 34,315 |
| Joe Becnel | 5,490 |
| Julie Fontenot | 5,490 |
| Gerald Guidry | 5,490 |
| Vernessa Guillory | 5,490 |
| Daniel Hennigan | 5,490 |

The Board members of the Fire Protection District No. 1 of Ward 8 of Calcasieu Parish received no compensation during the year ended June 30, 2021.

Note 13. Subsequent Events

The Town has performed a review of subsequent events through January 25, 2022, which is the date the financial statements were available for issuance.

REQUIRED SUPPLEMENTARY INFORMATION

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

Schedule of Employer's Pension
Contributions

TOWN OF IOWA, LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
Year Ended June 30, 2021*

| <u>Plan Year</u> | <u>Employer Proportionate of the Net Pension Liability (Asset)</u> | <u>Employer Proportionate Share of the Net Pension Liability (Asset)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of It's Covered Employee Payroll</u> | <u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u> |
|----------------------|--|--|--|---|---|
| MERS: | | | | | |
| 2020 | 0.802499% | \$ 727,246 | \$ 629,877 | 115.5% | 66.26% |
| 2019 | 0.650539% | 569,100 | 497,643 | 114.4% | 64.68% |
| 2018 | 0.624262% | 528,021 | 462,512 | 114.2% | 65.60% |
| 2017 | 0.544458% | 471,083 | 405,064 | 116.3% | 63.49% |
| 2016 | 0.494175% | 409,626 | 363,493 | 112.7% | 63.34% |
| 2015 | 0.616046% | 418,694 | 414,050 | 101.1% | 68.71% |
| 2014 | 0.597262% | 280,412 | 402,449 | 69.7% | 76.94% |
| MPERS: | | | | | |
| 2020 | 0.096804% | 894,695 | 298,999 | 299.2% | 70.94% |
| 2019 | 0.061940% | 562,519 | 205,914 | 273.2% | 71.01% |
| 2018 | 0.056094% | 474,222 | 150,351 | 315.4% | 71.89% |
| 2017 | 0.032717% | 285,634 | 97,670 | 292.4% | 70.08% |
| 2016 | 0.039931% | 374,266 | 103,879 | 360.3% | 66.04% |
| 2015 | 0.035060% | 238,983 | 88,405 | 270.3% | 70.73% |
| 2014 | 0.033536% | 209,804 | 88,595 | 236.8% | 75.10% |

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

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

TOWN OF IOWA, LOUISIANA

SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS
Year Ended June 30, 2021

| <u>Fiscal Year</u> | <u>Contractually Required Contribution</u> | <u>Contributions in Relation to Contractual Required Contribution</u> | <u>Contribution Deficiency (Excess)</u> | <u>Employer's Covered Employee Payroll</u> | <u>Contributions as a Percent of Covered Employee Payroll</u> |
|--------------------|--|---|---|--|---|
| MERS: | | | | | |
| 2021 | \$ 103,879 | \$ 103,879 | \$ - | \$ 670,187 | 15.50% |
| 2020 | 88,183 | 88,183 | - | 629,877 | 14.00% |
| 2019 | 69,670 | 69,670 | - | 497,643 | 14.00% |
| 2018 | 61,283 | 61,283 | - | 462,512 | 13.25% |
| 2017 | 44,557 | 44,557 | - | 405,064 | 11.00% |
| 2016 | 34,532 | 34,532 | - | 363,493 | 9.50% |
| 2015 | 40,608 | 40,608 | - | 414,050 | 9.81% |
| MPERS: | | | | | |
| 2021 | 113,658 | 113,658 | - | 336,766 | 33.75% |
| 2020 | 97,175 | 97,175 | - | 298,999 | 32.50% |
| 2019 | 66,407 | 66,407 | - | 205,914 | 32.25% |
| 2018 | 46,233 | 46,233 | - | 150,351 | 30.75% |
| 2017 | 31,010 | 31,010 | - | 97,670 | 31.75% |
| 2016 | 30,644 | 30,644 | - | 103,879 | 29.50% |
| 2015 | 27,848 | 27,848 | - | 88,405 | 31.50% |

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

TOWN OF IOWA, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

Changes to benefit terms:

There were no changes in benefit terms for the measurement period ending June 30, 2021.

Changes of Assumptions:

- Investment rate of return for MERS changed from 7.0% to 6.95%
- Investment rate of return for MPERS changed from 7.125% to 6.95%
- Projected salary increases for MPERS changed from 9.75% to 12.30% for participants with 1-2 years of service and from 4.75% to 4.70% for participants with 3 years of service or greater.

OTHER SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Combining Balance Sheet
Combining Statement of
Revenues, Expenditures, and
Changes in Fund Balances

Schedule of Compensation Benefits
and Other Payments to Mayor

Justice System Funding Schedules
Collecting/Disbursing Entity
Schedule Receiving Entity Schedule

TOWN OF IOWA, LOUISIANA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

| <u>ASSETS</u> | <u>Special Revenues</u> | | | <u>Total Non-Major Funds</u> |
|---|------------------------------|---|------------------------------|--------------------------------------|
| | <u>Parks and Streets</u> | <u>Police Asset Forfeitures</u> | <u>Sewer Improvement</u> | |
| Cash | \$ 375,100 | \$ 27,884 | \$ 9 | \$ 402,993 |
| Certificate of deposit | 8,425 | - | - | 8,425 |
| Total assets | <u>\$ 383,525</u> | <u>\$ 27,884</u> | <u>\$ 9</u> | <u>\$ 411,418</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| Liabilities: | | | | |
| Accounts payables | \$ 7,314 | \$ - | \$ - | \$ 7,314 |
| Due to other funds | 181,243 | - | - | 181,243 |
| Other payable | 1,808 | - | - | 1,808 |
| Total liabilities | 190,365 | - | - | 190,365 |
| Fund balance: | | | | |
| Restricted | 193,160 | 27,884 | 9 | 221,053 |
| Total liabilities and fund balances | <u>\$ 383,525</u> | <u>\$ 27,884</u> | <u>\$ 9</u> | <u>\$ 411,418</u> |

TOWN OF IOWA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

| | <u>Special Revenues</u> | | | Total Non-Major Funds |
|---|------------------------------|---|------------------------------|-----------------------------|
| | <u>Parks and Streets</u> | <u>Police Asset Forfeitures</u> | <u>Sewer Improvement</u> | |
| Revenues: | | | | |
| Tax revenue | \$ 218,409 | \$ - | \$ - | \$ 218,409 |
| Interest earned | 426 | 33 | - | 459 |
| Intergovernmental | - | 48,691 | - | 48,691 |
| Miscellaneous | 265 | - | - | 265 |
| Total revenues | <u>219,100</u> | <u>48,724</u> | <u>-</u> | <u>267,824</u> |
| Expenditures: | | | | |
| General government | - | 25,902 | - | 25,902 |
| Culture and recreation | 126,742 | - | - | 126,742 |
| Total expenditures | <u>126,742</u> | <u>25,902</u> | <u>-</u> | <u>152,644</u> |
| Excess (deficiency) of revenues over expenditures | 92,358 | 22,822 | - | 115,180 |
| Other financing sources (uses): | | | | |
| Operating transfers in | - | - | - | - |
| Operating transfers out | - | - | - | - |
| Fund balance at beginning of year | <u>100,802</u> | <u>5,062</u> | <u>9</u> | <u>105,873</u> |
| Fund balance at end of year | <u>\$ 193,160</u> | <u>\$ 27,884</u> | <u>\$ 9</u> | <u>\$ 221,053</u> |

TOWN OF IOWA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO MAYOR
Year Ended June 30, 2021

Mayor Paul Hesse

| Purpose | Amount |
|-------------------------|------------------|
| Salary | \$ 34,315 |
| Cell phone | 606 |
| Conference registration | <u>40</u> |
| | <u>\$ 34,961</u> |

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

| Identifying Information | | |
|--|--|---|
| Entity Name | Town of Iowa | |
| LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.) | 2268 | |
| Date that reporting period ended (mm/dd/yyyy) | 6/30/2021 | |
| | First Six Month Period Ended 12/31/2020 | Second Six Month Period Ended 06/30/2021 |
| Beginning Balance of Amounts Collected (i.e. cash on hand) | 5,213 | 8,262 |
| Add: Collections | | |
| Civil Fees (including refundable amounts such as garnishments or advance deposits) | - | - |
| Bond Fees | - | - |
| Asset Forfeiture/Sale | - | - |
| Pre-Trial Diversion Program Fees | - | - |
| Criminal Court Costs/Fees | 97,583 | 136,605 |
| Criminal Fines - Contempt | - | - |
| Criminal Fines - Other | 171,722 | 292,427 |
| Restitution | - | - |
| Probation/Parole/Supervision Fees | - | - |
| Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees) | 35,364 | 49,940 |
| Interest Earnings on Collected Balances | - | - |
| Other (do not include collections that fit into more specific categories above) | - | - |
| Subtotal Collections | 304,669 | 478,972 |
| Less: Disbursements To Governments & Nonprofits: | 269,305 | 429,032 |
| Louisiana Dept of Health and Hospitals, Criminal Court Costs/Fees | 3,330 | 4,285 |
| Calcasieu 14th Judicial District Indigent Defender, Criminal Court Costs/Fees | 11,930 | 23,270 |
| State of Louisiana Treasurer- CMIS, Criminal Court Costs/Fees | 4,494 | 6,150 |
| Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees | 3,337 | 4,205 |
| Louisiana Supreme Court, Criminal Court Costs/Fees | 672 | 1,025 |
| Southwest LA Crime Lab, Criminal Court Costs/Fees | 28,250 | 43,430 |
| Less: Amounts Retained by Collecting Agency | | |
| Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection | - | - |
| Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount | - | - |
| Amounts "Self-Disbursed" to Collecting Agency - Criminal Court Costs/Fees | 45,570 | 54,240 |
| Amounts "Self-Disbursed" to Collecting Agency - Criminal Fines- Other | 168,673 | 285,833 |
| Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies | | |
| Civil Fee Refunds | - | - |
| Bond Fee Refunds | - | - |
| Restitution Payments to Individuals (additional detail is not required) | - | - |
| Other Disbursements to Individuals (additional detail is not required) | - | - |
| Payments to 3rd Party Collection/Processing Agencies | 35,364 | 49,940 |
| Subtotal Disbursements/Retainage | 301,620 | 472,378 |
| Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand) | 8,262 | 14,856 |

Ending Balance of "Partial Payments" Collected but not Disbursed (*only applies if collecting agency does not disburse partial payments until fully collected*) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.

| | |
|---|---|
| - | - |
|---|---|

Other Information:

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

| | |
|---|---|
| - | - |
| - | - |

Justice System Funding Schedule - Receiving Entity

As Required by Act 87 of the 2020 Regular Legislative Session

| Identifying Information | |
|--|--------------|
| Entity Name | Town of Iowa |
| LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.) | 2268 |
| Date that reporting period ended (mm/dd/yyyy) | 6/30/2021 |

| First Six Month Period Ended | Second Six Month Period Ended |
|------------------------------------|-------------------------------------|
| 12/31/2020 | 06/30/2021 |

Receipts From:

La Dept of Public Safety & Corrections- Aff Reinst Court Fees

Subtotal Receipts

| | |
|---|-------|
| - | 3,420 |
| - | 3,420 |

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

| | |
|---|---|
| - | - |
|---|---|

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INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL
AND COMPLIANCE

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INDEPENDENT AUDITORS' REPORT OF 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 Town Council
Town of Iowa
Iowa, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Iowa, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Iowa, Louisiana's basic financial statements and have issued our report thereon dated January 25, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be material weaknesses (items 2021-001, 2021-002 and 2021-003).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Iowa, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (items 2021-004, 2021-005, and 2021-006).

Town of Iowa, Louisiana's Response to Findings

The Town of Iowa, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town of Iowa, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Mr. Elroy Quirk - Bush
Lake Charles, Louisiana
January 25, 2022

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TOWN OF IOWA, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness identified?

Yes No

Significant deficiency identified not
considered to be material weakness?

Yes None reported

Noncompliance material to financial statements
noted?

Yes No

(continued on next page)

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

(Continued)

2021-001 Segregation of Duties

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

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

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

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

Response: As the Town grows and as new positions are added, we will ensure that sufficient segregation of duties are developed and implemented to ensure an optimal and effective control structure.

2021-002 Controls over Financing Reporting

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

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

Effect: Material misstatements in financial statements could go undetected.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

(Continued)

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

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

2021-003 Timely Reconciliation of Bank Accounts

Condition: During inquiry and testing, we noted that bank reconciliations for some accounts had not been prepared in a timely manner.

Criteria: According to Town policy, bank accounts should be reconciled within 10 business days after the bank statements are received.

Effect: Not reconciling bank accounts in a timely manner can lead to undetected errors that could potentially cause a material misstatement to the financial statements, resulting in incorrect monthly financial statements.

Recommendation: The Town should reconcile all bank accounts in a timely manner in accordance with their policy.

Response: The Town of Iowa agrees that timely reconciliation and review of all bank accounts should occur. This control slipped during COVID and the affects from two hurricanes hitting our town. As of the date of this report this control has been re-emphasized and implemented.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

(Continued)

2021-004 Deposits in Excess of Federally Insured Amounts

Condition: Deposits in excess of federally insured amounts were not fully collateralized at year end.

Criteria: Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value.

Effect: Without adequate collateral, the deposits are subject to deposit risk.

Recommendation: Management should ensure that all deposits in excess of federal insured amounts are collateralized.

Response: We recognize this issue. We will work with the financial institution which had this lapse to ensure that it does not occur again. Any repeated failure in this area will require the Town to move these accounts to those financial institutions which do not have any problems in maintaining sufficient collateral. In addition, procedures will be implemented to ensure we are independently monitoring this area.

2021-005 Utility Billing Rates

Condition: During audit test work, we noted that commercial utility customers were being charged a rate that was not consistent with the rate adopted by the Town Council on August 12, 2019. The utility billing software was not fully updated to reflect the revised rates effective on that date.

Criteria: Customers should be charged published rates. On August 12, 2019, the Town Council adopted Resolution 2019-11 changing the minimum monthly commercial rate from \$40 to \$22 for water and from \$45 to \$29 for sewer.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2021
(Continued)

Effect: A substantial number of commercial utility customers were overcharged from September 2019 through detection of the issue in September 2021.

Recommendation: The Town should ensure that any utility rate changes are properly processed within the utility billing software to result in correct billing to customers.

Response: This control was a result of our financial software not having adequate check and balances to identify differences in rates between our subledger modules. We are in the process of replacing our financial software with more robust software that will improve controls which will prevent and identify these issues in a timely manner.

2021-006 Improper Use of Public Funds

Condition: After processing a one-time payment for an overtime correction in the amount of \$426.25 to an employee on March 12, 2020, the one-time payment was designated as regular pay and included on subsequent paychecks through October 7, 2021. A second employee was also issued a one-time payment in the amount of \$138.75 on March 12, 2020 that was included on subsequent paychecks through July 30, 2020. As a result of this error, the individual was paid for time that was not worked. In addition, the error in payroll rate led to the overtime rate being improperly calculated and the individual was paid at a rate higher than he should have been paid. The overpayment to these two individuals totals \$20,835.

Criteria: The funds of a political subdivision shall not be loaned, pledged, or donated to any person. (Louisiana Constitution of 1974 Art. VII Section 14: Donation, Loan, or Pledge of Public Credit)

Effect: The amounts paid to the employees represents a loan or donation to the employees.

Recommendation: The Town should take appropriate action to recover all amounts improperly paid to the individuals.

TOWN OF IOWA, LOUISIANA

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended June 30, 2021

(Continued)

Response:

This is another control failure of our current financial software. The software does not print our adjustments on the pay stub or on the payroll reports we use, nor gives an audit history of the changes. This is not acceptable, and we are in the process of replacing our financial software with a more robust system that will allow us to identify these type issues. In addition, the Town has taken the necessary steps to recover these overpayments from the individuals.

TOWN OF IOWA, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended June 30, 2021

2020-001 Segregation of Duties

Condition: This finding was a material weakness relating to the entity's size and limited number of accounting personnel which made it impossible to achieve effective internal accounting control.

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

Current Status: The condition still exists but management is mitigating its effect through review procedures. See finding 2021-001.

2020-002 Controls over Financial Reporting

Condition: This finding was a material weakness relating to the inability of the entity to produce financial statements and footnotes in accordance with generally accepted accounting principles.

Recommendation: We recommend management mitigate the weakness by having a heightened awareness of all transactions being reported.

Current Status: This condition still exists but management is mitigating its effect through review procedures. See finding 2021-002.

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