

TOWN OF FORDOCHE, LOUISIANA

Annual Financial Report

For the Year Ended December 31, 2020



TWRU

CPAs & Financial Advisors

TOWN OF FORDOCHE POINTE COUPEE PARISH, LOUISIANA

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Lisa Cormier

CHIEF OF POLICE

Frederick Gueho

MEETING DATE

2nd Tuesday of Every Month

6:30 PM - Town Hall



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TOWN OF FORDOCHE, LOUISIANA
FOR THE YEAR ENDED December 31, 2020
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INDEPENDENT AUDITORS' REPORT

The Honorable Teddy Gros, Mayor
and Members of the Town Council
Town of Fordoche, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Fordoche, Louisiana (the Town), as of and for the year ended December 31, 2020, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 and the business-type activities of the Town, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 to 9, budgetary comparison schedule – general fund on page 36, employer's share of net pension liability on page 37, and employer contributions on page 38, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The supplementary information required by the Louisiana Legislative Auditor (pages 40 and 41) - Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer, the Justice System Funding Schedule, Collecting/Disbursing Entity Schedule, and the Justice System Funding Schedule, Receiving Schedule is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information required by the Louisiana Legislative Auditor is the responsibility of management and was 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 schedule of compensation, reimbursement, benefits and other payments to agency head, political subdivision head, or chief executive officer, the Justice System Funding Schedule, Collecting/Disbursing Entity Schedule, and the Justice System Funding Schedule, Receiving Schedule are fairly stated in all material respects in relation to the basis financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
October 6, 2021

TOWN OF FORDOCHE, LA MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Fordoche's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the report letter, presented on pages 1 and 2, and the Town's financial statements, which begin on page 11.

FINANCIAL HIGHLIGHTS

• Total net position	\$ 1,906,580
• Change in total net position	\$ (4,151)
• Increase in cash	\$ 55,475
• Fund balance, governmental fund	\$ 302,250
• Change in fund balance, governmental fund	\$ 47,930
• Increase in governmental fund revenues	\$ 43,363
• Net position, proprietary fund	\$ 775,861
• Change in net position, proprietary fund	\$ (31,252)
• Decrease in proprietary fund revenues	\$ 36,511
• Net cash provided by operating activities, proprietary fund	\$ 20,257

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements*, presented on pages 11 and 12, are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unavailable revenue).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and charges for services (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, police, streets and drainage, health and welfare, and community center and recreation. The business-type activities of the Town include the public utility systems (natural gas, water, and sewer). The Town charges a fee to customers on behalf of the Pointe Coupee Parish Police Jury (PCP PJ) for garbage, mosquito, and gravity drainage fees.

TOWN OF FORDOCHE, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds, presented on pages 13 and 14, are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town maintains one individual governmental fund, the general fund. The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided herein to demonstrate compliance with the budget.

Proprietary Funds

The Town maintains one proprietary fund. *Enterprise funds*, presented on pages 15 to 17, are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its public utility system. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

NOTES TO THE FINANCIAL STATEMENTS

The notes, presented on pages 19 to 34, provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*, presented on pages 36 to 38 concerning the Town's budgetary control and concerning the additional information in regard to the pension plan.

This report also presents certain *other supplementary information*, presented on pages 40 to 42, which is not a part of the basic financial statements or required by the Government Accounting Standards Board (GASB). The Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer, the Justice System Funding Schedule, Collecting/Disbursing Entity Schedule, and the Justice System Funding Schedule, Receiving Schedule is provided as required by the Louisiana Legislative Auditor (LLA).

TOWN OF FORDOCHE, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. The Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,906,580 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, and water systems, less any related debt used to acquire those assets that are still outstanding). The Town's total assets are composed of \$383,872 (19%) in cash, receivables, and prepaid expenses and \$1,656,277 (80%) in investment in capital assets. The Town uses these capital assets to provide various services to residents and businesses in the incorporated area; consequently, these assets are not available for future spending. The Town does not have any related debt at the close of the most recent fiscal year.

None of the Town's net position represent resources that are subject to external restrictions on how they may be used.

The Town has a \$309,090 remaining balance of *unrestricted net position* that may be used to meet the government's ongoing obligations to citizens and creditors and to be used in future operations and acquisitions of new capital assets that will improve the operations of the Town. At the end of the current fiscal year, the Town is able to report a positive balance in the net investment of capital assets for both governmental and business-type activities and for governmental unrestricted net position, however, the unrestricted deficit for business-type activities was a result of the Town's net pension liability. At the end of the current fiscal year, the Town is able to report positive balances in the overall net investment of capital assets and the unrestricted net position.

STATEMENTS OF NET POSITION

	Net Position				
	Governmental Activities	Business-type Activities	Total 2020	Total 2019	% Change
Assets					
Current and Other Assets	\$ 304,584	\$ 160,065	\$ 464,649	\$ 383,872	20.84%
Capital Assets	832,487	765,003	1,597,490	1,656,277	-3.55%
Total Assets	<u>1,137,071</u>	<u>925,068</u>	<u>2,062,139</u>	<u>2,040,149</u>	1.04%
Deferred Outflows of Resources					
Deferred Pension Amounts	<u>1,464</u>	<u>14,560</u>	<u>16,024</u>	<u>20,918</u>	-23.40%
Liabilities					
Other Liabilities	527	58,173	58,700	41,569	39.34%
Other Liabilities Due in More than One Year:					
Net Pension Liability	<u>7,035</u>	<u>78,228</u>	<u>85,263</u>	<u>81,895</u>	4.11%
Total Liabilities	<u>7,562</u>	<u>136,401</u>	<u>143,963</u>	<u>123,464</u>	15.97%
Deferred Inflows of Resources					
Deferred Revenues	-	26,185	26,185	23,239	12.68%
Deferred Pension Amounts	<u>254</u>	<u>1,181</u>	<u>1,435</u>	<u>3,633</u>	-60.50%
Total Deferred Inflows of Resources	<u>254</u>	<u>27,366</u>	<u>27,260</u>	<u>26,872</u>	2.78%
Net Position					
Investment in Capital Assets, net of Related Debt	832,487	765,003	1,597,490	1,656,277	-3.55%
Restricted	-	-	-	-	
Unrestricted (Deficit)	<u>298,232</u>	<u>10,858</u>	<u>309,090</u>	<u>254,454</u>	21.47%
Total Net Position	<u>\$ 1,130,719</u>	<u>\$ 775,861</u>	<u>\$ 1,906,580</u>	<u>\$ 1,910,731</u>	-0.22%

TOWN OF FORDOCHE, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town's total revenues decreased by \$40,707 from \$417,527 in 2019 to \$376,365 in 2020.

The Town's total expenses decreased by \$60,560.

The general fund expenses decreased \$59,722 and the water system expenses decreased \$838.

STATEMENTS OF CHANGES IN NET POSITION

	Changes in Net Position				
	Governmental Activities	Business-type Activities	Total 2020	Total 2019	% Change
Revenues					
Program Revenues					
Charges for Services	\$ 58,279	\$ 126,139	\$ 184,418	\$ 237,505	-22.35%
Grants and Contributions					
Operating	-	-	-	25,000	-100.00%
General Revenues					
Property Taxes	52,314	-	52,314	50,353	3.89%
Sales Taxes	101,870	-	101,870	59,804	70.34%
Franchise Taxes	24,457	-	24,457	23,917	2.26%
Intergovernmental	12,460	-	12,460	18,790	-33.69%
Other General Revenues	683	163	846	2,158	-60.80%
Total Revenues	250,063	126,302	376,365	417,527	-9.86%
Expenses					
General Government	97,681	-	97,681	138,265	-29.35%
Public Safety	35,341	-	35,396	36,524	-3.24%
Streets	43,346	-	43,346	54,711	-20.77%
Health and Welfare	-	-	-	609	-75.37%
Community Center and Recreation	46,594	-	46,594	52,575	-11.38%
Utility Operations	-	157,554	157,554	158,392	-0.53%
Total Expenses	222,962	157,554	380,516	441,076	-13.67%
Change in Net Position	27,101	(31,252)	(4,151)	(23,549)	-82.37%
Net Position					
Beginning of Year, As Restated	1,103,618	807,113	1,910,731	1,968,260	-2.92%
Net Position, End of Year	<u>\$ 1,130,719</u>	<u>\$ 775,861</u>	<u>\$ 1,906,580</u>	<u>\$ 1,944,711</u>	-1.96%

TOWN OF FORDOCHE, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE TOWN'S GOVERNMENTAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

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

The general fund is the operating fund of the Town. As of the end of the current fiscal year, the Town's general fund reported ending fund balances of \$302,250 an increase of \$50,129 from the prior year. Nonspendable portion of fund balance increased from \$33,494 to \$45,264. Nonspendable fund balance is not available for new spending because it has been set aside for amounts paid on behalf of the proprietary fund (\$38,320) and for prepaid expenditures (\$6,944).

At the end of the current fiscal year, unassigned fund balance was \$256,986, while total fund balance was \$302,250.

The fund balance of the Town's general fund increased by \$50,129 during the current fiscal year. This was favorable as compared to the final budgeted decrease in fund balance of \$21,210.

PROPRIETARY FUNDS

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

Unrestricted net position of the public utility system fund at the end of the year amounted to a surplus of \$10,858. The fund had a decrease in total net position for the year of \$31,252. Factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

BUDGETARY HIGHLIGHTS

The Town's annual operating budgets are the legally adopted expenditure control documents of the Town. These operating budgets were very conservative and during the year, the operating budgets were amended.

A budgetary comparison schedule for the General Fund is required and can be found on page 36. This statement compares the original adopted budget, the final amended budget, and the actual expenditures prepared on a budgetary basis, which was prepared on a basis consistent with generally accepted accounting principles for the general fund.

Adjustments were made to the general fund budget to account for anticipated decreases in intergovernmental revenue and anticipated increases in general government expenditures.

Adjustments were made to the proprietary fund budget to account for anticipated decreases in intergovernmental revenues and anticipated decreases in general and administrative expenses.

TOWN OF FORDOCHE, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSETS

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to \$3,104,745, or \$1,597,490 net of accumulated depreciation of \$1,507,255. This investment in capital assets includes land, buildings, vehicles, machinery and equipment, office furniture and equipment, and utility property. Net capital assets for governmental activities decreased by \$21,325 and for business-type activities decreased by \$37,462.

Major capital asset events during the current year included:

- The Town received a donated police vehicle for use of the general fund.
- The Town purchased a tractor for streets and sanitation for use of the general fund.

The Town of Fordoche's Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Non-depreciable						
Land	\$ 61,450	\$ 61,450	\$ 9,950	\$ 9,950	\$ 71,400	\$ 71,400
Depreciable						
Buildings	678,180	705,939	-	-	705,939	705,939
Vehicles	3,196	6,392	-	-	6,392	6,392
Machinery and Equipment	76,178	66,269	6,058	5,943	72,212	72,212
Furniture and Equipment	6,458	1,665	-	-	1,665	1,662
Utility Property	<u>7,025</u>	<u>12,097</u>	<u>748,995</u>	<u>786,842</u>	<u>798,669</u>	<u>798,669</u>
Total Capital Assets	<u>\$ 832,487</u>	<u>\$853,812</u>	<u>\$ 765,003</u>	<u>\$ 802,465</u>	<u>\$ 1,597,490</u>	<u>\$ 1,656,277</u>

Further detail on capital assets is presented in Note 3 on pages 26 and 27.

ECONOMIC FACTORS

Taxes, shared revenues, and licenses/permits increased \$45,562 (28.8%). This was caused by an increase in fair revenues and traffic fines.

TOWN OF FORDOCHE, LA
MANAGEMENT'S DISCUSSION AND ANALYSIS

NEXT YEAR'S BUDGETS AND RATES

The following is a summary of the tax assessment rolls since 1990:

Year	Mills Levied	Assessed Value	Homestead Exemption	Tax to be Paid by Owner	Tax to be Paid by State	Total Tax
1990	7.42	\$ 1,119,932		\$ 8,310		\$ 8,310
1991	7.00	1,159,133		8,114		8,114
1992	6.68	1,230,330		8,219		8,219
1993	13.68	1,256,344		17,187		17,187
1994	14.08	1,296,809		18,259		18,259
1995	14.08	1,335,392		18,802		18,802
1996	13.05	1,497,390		19,542		19,542
1997	13.05	1,525,691		19,911		19,911
1998	13.05	1,573,420		20,534		20,534
1999	13.05	1,711,392		22,334		22,334
2000	12.44	1,885,429		23,455		23,455
2001	12.44	2,022,382		25,158		25,158
2002	12.44	2,100,805		26,134		26,134
2003	13.25	2,225,310		29,487		29,487
2004	12.34	2,454,730		30,292		30,292
2005	12.34	2,500,810		30,860		30,860
2006	12.34	2,570,460		31,720		31,720
2007	12.34	2,600,050		32,085		32,085
2008	11.54	2,808,682		32,412		32,412
2009	11.54	2,906,975		33,547		33,547
2010	11.54	3,017,835		34,826		34,826
2011	12.34	3,037,530		37,483		37,483
2012	12.34	3,086,620		38,089		38,089
2013	12.34	3,109,620		38,373		38,373
2014	12.82	3,181,760		40,790		40,790
2015	12.82	3,280,160		42,051		42,051
2016	11.08	3,825,140		42,383		42,383
2017	11.08	3,819,460		42,320		42,320
2018	11.08	3,823,010		42,359		42,359
2019	12.82	3,940,220		50,513		50,513
2020	12.80	4,089,750		52,349		52,349

The total number of water customers at December 31, 2020 and 2019 was 444 and 445, respectively. Water rates for 2020 and 2019 were not changed. During 2020 and 2019, the Town collected additional fees for the PCP PJ. The Town collects \$2.27 per customer, per month for those fees. Revenues decreased by \$11,024. Operating expenses, excluding depreciation, decreased by \$842.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lisa Cormier, Town Clerk, at 5390 Fordoche Road, Fordoche, LA (225) 637-3112, fax (225) 637-2899.

TOWN OF FORDOCHE, LA
BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements
 - Governmental funds
 - Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF NET POSITION
(See Accompanying Notes to the Financial Statements)
December 31, 2020

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 191,558	\$ 143,802	\$ 335,360
Receivables -			
Ad Valorem Taxes	51,883	-	51,883
Sales Taxes	7,230	-	7,230
Franchise Tax	5,889	-	5,889
Utility Customers (net of allowance of \$1,761)	-	11,622	11,622
Due from Other Fund	38,320	-	38,320
Due from Other Government Agencies	1,984	-	1,984
Prepaid Expense	7,720	4,641	12,361
Total Current Assets	<u>304,584</u>	<u>160,065</u>	<u>464,649</u>
Noncurrent Assets:			
Capital Assets (net of depreciation)	<u>832,487</u>	<u>765,003</u>	<u>1,597,490</u>
Total Noncurrent Assets	<u>832,487</u>	<u>765,003</u>	<u>1,597,490</u>
Total Assets	<u>\$ 1,137,071</u>	<u>\$ 925,068</u>	<u>\$ 2,062,139</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflow of Resources Related to Pensions	<u>\$ 1,464</u>	<u>\$ 14,560</u>	<u>\$ 16,024</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 74	\$ 1,203	\$ 1,277
Accrued Payroll Liabilities	453	514	967
Due to Other Government Agencies	-	18,136	18,136
Due to Other Fund	-	38,320	38,320
Total Current Liabilities	<u>527</u>	<u>58,173</u>	<u>58,700</u>
Noncurrent Liabilities:			
Net Pension Liability	<u>7,035</u>	<u>78,228</u>	<u>85,263</u>
Total Noncurrent Assets	<u>7,035</u>	<u>78,228</u>	<u>85,263</u>
Total Liabilities	<u>\$ 7,562</u>	<u>\$ 136,401</u>	<u>\$ 143,963</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Revenues	\$ -	\$ 26,185	\$ 26,185
Deferred Inflow of Resources Related to Pensions	<u>254</u>	<u>1,181</u>	<u>1,435</u>
Total Deferred Inflows of Resources	<u>\$ 254</u>	<u>\$ 27,366</u>	<u>\$ 27,620</u>
<u>NET POSITION</u>			
Invested in Capital Assets, Net of Related Debt	\$ 832,487	\$ 765,003	\$ 1,597,490
Unrestricted (Deficit)	<u>298,232</u>	<u>10,858</u>	<u>309,090</u>
Total Net Position	<u>\$ 1,130,719</u>	<u>\$ 775,861</u>	<u>\$ 1,906,580</u>



TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF ACTIVITIES
(See Accompanying Notes to the Financial Statements)
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 97,681	\$ 24,799	\$ -	\$ -	\$ (72,882)	\$ -	\$ (72,882)
Police	35,341	23,796	-	-	(11,545)	-	(11,545)
Streets and Drainage	43,346	4,050	-	-	(39,296)	-	(39,296)
Health and Welfare	-	-	-	-	-	-	-
Community Center and Recreation	46,594	5,634	-	-	(40,960)	-	(40,960)
Total Governmental Activities	222,962	58,279	-	-	(164,683)	-	(164,683)
Business-Type Activities:							
Water	157,554	126,139	-	-	-	(31,415)	(31,415)
Total	\$ 380,516	\$ 184,418	\$ -	\$ -	(164,683)	(31,415)	(196,098)
General Revenues:							
Taxes							
Property Taxes					52,314	-	52,314
Sales and Use Taxes					101,870	-	101,870
Franchise Taxes					24,457	-	24,457
Intergovernmental					12,460	-	12,460
Investment Income					632	163	795
Miscellaneous					51	-	51
Total General Revenues					191,784	163	191,947
Change in Net Position					27,101	(31,252)	(4,151)
Net Position - Beginning					1,094,856	815,875	1,910,731
Prior Period Adjustment					8,762	(8,762)	-
Net Position - Ending					\$ 1,130,719	\$ 775,861	\$ 1,906,580

TOWN OF FORDOCHE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
(See Accompanying Notes to the Financial Statements)
DECEMBER 31, 2020

	General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash	\$ 191,558	\$ 191,558
Due from Other Funds	38,320	38,320
Receivables -		
Ad Valorem Taxes	51,883	51,883
Sales Taxes	7,230	7,230
Franchise Taxes	5,889	5,889
Due from Government Agencies		
Beer Taxes	9	9
Grass Cutting Contract	1,975	1,975
Prepaid Expenses	7,720	7,720
Total Assets	<u>\$ 304,584</u>	<u>\$ 304,584</u>

<u>LIABILITIES</u>		
Accounts Payable	\$ 74	\$ 74
Accrued Payroll Liabilities	453	453
Total Liabilities	<u>527</u>	<u>527</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue	<u>1,807</u>	<u>1,807</u>
---------------------	--------------	--------------

FUND BALANCE

Nonspendable		
Due from Other Funds	38,320	38,320
Prepaid Expenses	7,720	7,720
Unassigned	256,210	256,210
Total Fund Balances	<u>302,250</u>	<u>302,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 304,584</u>	

Reconciliation

Fund Balances of Governmental Funds to Net Position of Governmental Activities:

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (net of accumulated depreciation of \$571,826) 832,487

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets (i.e., receivables) are offset by deferred inflows of resources in the governmental funds and, therefore, not included in fund balance. 1,807

Certain liabilities, such as those related to pensions, are not due and payable in the current period and therefore are not reported in the funds.

Net Pension Liability (7,035)
Deferred Outflows Related to the Net Pension Liability 1,464
Deferred Inflows Related to the Net Pension Liability (254)

Net Position of Governmental Activities

\$ 1,130,719



TW R U
CPAs & Financial Advisors

TOWN OF FORDOCHE, LOUISIANA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 (See Accompanying Notes to the Financial Statements)
 YEAR ENDED DECEMBER 31, 2020

	General Fund	Total Governmental Funds
REVENUES		
Taxes	\$ 179,033	\$ 179,033
Intergovernmental	12,460	12,460
Charges for Services	9,792	9,792
Fines and Forfeitures	23,756	23,756
Licenses and Permits	24,731	24,731
Investment Income	632	632
Miscellaneous	51	51
Total Revenues	<u>250,455</u>	<u>250,455</u>
EXPENDITURES		
Current:		
General Government	94,847	94,847
Police	31,368	31,368
Streets and Drainage	33,392	33,392
Health and Welfare	-	-
Community Center and Recreation	15,781	15,781
Capital Outlays:		
Streets and Drainage	19,238	19,238
Community Center and Recreation	5,700	5,700
Total Expenditures	<u>200,326</u>	<u>200,326</u>
Excess Revenues - Net Changes in Net Position	50,129	50,129
Transfers from Water System	-	-
Net Changes in Net Assets	50,129	50,129
Fund Balances - Beginning	243,359	243,359
Prior Period Adjustment	8,762	8,762
Fund Balances - Ending	<u>\$ 302,250</u>	<u>\$ 302,250</u>
Reconciliation		
Net Changes in Fund Balances of Governmental Funds to Change in Net Position of Governmental Activities:		
Net change in fund balances - total governmental funds		\$ 50,129
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital Outlay capitalized as fixed assets		26,900
Depreciation		(48,225)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds, but rather deferred to subsequent fiscal years:		
Unavailable Revenues current year		1,807
Record Unavailable Revenues from prior year		(2,199)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Change in the Net Pension Liability and Related Deferred Amounts		(1,311)
Change in Net Position of Governmental Activities		<u>\$ 27,101</u>

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
(See Accompanying Notes to the Financial Statements)
DECEMBER 31, 2020

	Public Utility Enterprise Fund
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 143,802
Accounts Receivable, net of allowance of \$1,761	11,622
Prepaid Expenses	4,641
Total Current Assets	<u>160,065</u>
Noncurrent Assets:	
Capital Assets (net of depreciation)	765,003
Total Assets	<u>\$ 925,068</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Pension Amounts	<u>\$ 14,560</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 1,203
Accrued Payroll Liabilities	514
Due to Other Government Agencies	18,136
Due to Other Fund	38,320
Total Current Liabilities	<u>58,173</u>
Noncurrent Liabilities:	
Net Pension Liability	78,228
Total Noncurrent Liabilities	<u>78,228</u>
Total Liabilities	<u>\$ 136,401</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Revenues	\$ 26,185
Deferred Pension Amounts	1,181
Total Deferred Inflows of Resources	<u>\$ 27,366</u>
<u>NET POSITION</u>	
Invested in Capital Assets, net of related debt	\$ 765,003
Unrestricted (Deficit)	10,858
Total Net Position	<u>\$ 775,861</u>

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND

(See Accompanying Notes to the Financial Statements)
YEAR ENDED DECEMBER 31, 2020

	Public Utility Enterprise Fund
Operating Revenues:	
Charges for Services -	
Water Charges, net of bad debt expense of \$547	\$ 111,582
Penalties	2,885
Miscellaneous	57
Intergovernmental Service Charges	11,615
Total Operating Revenues	126,139
Operating Expenses:	
General and Administrative	15,964
Water Expenses	141,590
Total Operating Expenses	157,554
Net Operating Loss	(31,415)
Nonoperating Revenue:	
Intergovernmental Capital Grant	-
Interest Earned	163
Total Nonoperating Revenue	163
Decrease in Net Position	(31,252)
Net Position - Beginning	815,875
Prior Period Adjustment	(8,762)
Net Position - Ending	\$ 775,861

TOWN OF FORDOCHE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
(See Accompanying Notes to the Financial Statements)
YEAR ENDED DECEMBER 31, 2020

	Public Utility Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 135,169
Payments to Suppliers	(58,311)
Payments to Employees and Benefits	(56,601)
Net Cash Provided by Operating Activities	<u>20,257</u>
Cash Flows from Non-Capital Financing Activities:	
Increase in Amount Due to General Fund	4,936
Net Cash Provided by Non-Capital Financing Activities	<u>4,936</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(477)
Net Cash Used by Capital and Related Financing Activities	<u>(477)</u>
Cash Flows from Investing Activities:	
Interest Earned	163
Net Cash Provided by Investing Activities	<u>163</u>
Net Increase in Cash	24,879
Balances - Beginning of Year	118,923
Balances - End of Year	<u>\$ 143,802</u>
Reconciliation of Net Operating Loss to Net Cash Provided by Operating Activities:	
Net Operating Loss	\$ (31,415)
Adjustments to Reconcile Net Operating Loss to Net Cash Provided by Operating Activities	
Cash Flows Reported in Other Categories	
Depreciation Expense	37,939
Decreases (Increases) in Assets	
Accounts Receivable	(1,706)
Prepaid Expenses	337
Increases in Liabilities	
Accounts Payable and Accrued Liabilities	7,403
Change in Deferred Outflows and Inflows of Resources	
Deferred Revenues	2,946
Net Pension Liability and Related Deferred Outflows/Inflows	4,753
Net Cash Provided by Operating Activities	<u>\$ 20,257</u>

TOWN OF FORDOCHE, LA

NOTES TO BASIC FINANCIAL STATEMENTS

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TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Town of Fordoche, Louisiana (the Town) was incorporated on May 10, 1961, under the provisions of Title 33, Chapter 2, Part 1, of the Louisiana Revised Statutes (Lawrason Act - Act No. 36 of 1898). The Town operates under a Mayor-Board of Aldermen Council form of government and, as permitted under the Act, provides police protection, streets and drainage maintenance, public improvements, water, and general administration. The Mayor and five Council Members (the Council) are elected at large to serve four year terms from January 1, 2019 to December 31, 2022. The Mayor is entitled to a per diem of \$500 per month and each Council Member \$50 per month. The Town of Fordoche is located in Pointe Coupee Parish with a geographic area of approximately six square miles. The estimated population is 1,048. The Town employs two full-time employees. The Town serves 444 water customers, and maintains 10 miles of streets.

Financial Reporting Entity

The accompanying financial statements present the activities of the Town, the primary government.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided by the Codification, Section 2100 has been considered and as a result, the financial statements only include the primary government.

Other Organizations

The municipality may appoint some, or all, governing board members of organizations that are not included as component units in the primary government's reporting entity. These organizations are classified as (a) related organizations, (b) joint ventures and jointly governed organizations, and (c) component units of another government with characteristics of a joint venture or jointly governed organization.

Considered in the determination of component units of the reporting entity were the Pointe Coupee Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for the 18th Judicial District. It was determined that these governmental entities are not component units of the Town of Fordoche reporting entity because they have separately elected government bodies, are legally separate, and fiscally independent of the Town of Fordoche.

Also, excluded from the reporting entity:

Fire Protection District No. 4 of the Parish of Pointe Coupee, Louisiana – This potential component unit has a separate board appointed jointly by the area governments' governing bodies. It provides services to residents within the geographic boundaries of the government and other areas adjacent to it. This unit is excluded from the reporting entity because the government does not have the ability to exercise influence or control over its daily operations, approve budgets or provide funding.

Basis of Presentation

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed in the following paragraphs.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements – Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's police, streets and drainage, health and welfare, community center and recreation, and general administrative services are classified as governmental activities. The Town's public utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property, sales and use taxes, franchise taxes, and certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue.

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. All of the Town's funds are considered major funds.

Government Funds – The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports the general fund as the Town's primary operating fund. It is used to account for and report all financial resources.

These activities are reported as governmental activities in the government-wide financial statements

Proprietary Funds – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town reports an Enterprise fund type.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues. The activities reported in these funds are reported as business-type activities in the government-wide financial statements. The Water System Enterprise fund operates the Town's water distribution system, which primarily serves Town residents.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual – Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.



TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Modified Accrual – The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, the general fund's equity in the state of Louisiana's investment pool, Louisiana Asset Management Pool (LAMP), is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Cash and Investments

Investments in securities are stated at fair value, using the market approach (prices generated by market transactions involving identical or similar assets) and Level 1 inputs (quoted prices for identical assets in active market). The Town does not have and investments as of December 31, 2020.

State statutes authorize the Town to invest in United States bonds, treasury notes and bills, or certificates or time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Inventories

Inventories for supplies are immaterial and are recorded as expenditures/expenses when purchased.

Accounts Receivable and Bad Debts

The Town uses the direct charge-off method whereby uncollectible amounts due from ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. The direct charge-off method is used because it does not cause a material departure from GAAP and it approximates the valuation method.

In the proprietary fund uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account. The allowance is set as the amount owed on closed accounts. The Council reviews all requests for receivable adjustments at their monthly meetings.

Capital Assets

Capital assets purchased or acquired with an original cost of \$500 or more and an estimated useful life in excess of two years are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line bases over the following estimated useful lives:

Buildings	20 – 40 Years
Water System	40 Years
Tractors and Equipment	5 – 10 Years
Furniture and Office Equipment	3 – 10 Years
Vehicles	5 – 6 Years



TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

The Town reports decreases in net assets that related to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources reported in this year's financial statements include (1) a deferred outflow of resources for contributions made to the Town's defined benefit pension plan between the measurement date of the net pension liability from the plan and the end of the Town's fiscal year and (2) deferred outflows of resources related to the differences between the expected and actual demographics for the Town's cost-sharing multiple-employer defined benefit pension plan. Deferred outflows for pension contributions will be recognized in the subsequent fiscal year. The deferred amount related to the actuarial assumptions in the pension fund will be recognized over a closed period equal to the average of the expected remaining service lives of all employees participating in the plan. No deferred outflows of resources affect the governmental funds financial statements in the current year.

Deferred Inflows of Resources

The Town's governmental activities statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). Deferred inflows of resources are reported in the Town's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over multiple years, including the current year. In its governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The Town will not recognize the related revenues until they are available (collected not later than 60 days after the end of the Town's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable property taxes and other taxes are reported in the governmental funds balance sheet.

The Town's business-type activities statement of net position and its proprietary fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to future periods. Deferred inflows of resources are reported for unearned water revenue. The Town will not recognize the related revenues until they are available under accrual basis of accounting.

Property Tax Calendar and Revenues

Ad valorem taxes are levied and assessed by the Parish of Pointe Coupee on a calendar year basis and attach as an enforceable lien. The taxes become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 1 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year by the parish tax collector.

Compensated Absences

The Town employees accumulate vacation and sick leave hours for subsequent use. Unused vacation is paid to the employee upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only for amounts that have become due. The general fund is typically used to liquidate the liability. At December 31, 2020, there are no accumulated unpaid vacation and sick leave expenses to be accrued in the financial statements.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

The Town's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Town's water fund consist of charges for services (including tap fees for the water fund) and costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net positions are divided into three components:

Investment in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – consist of assets that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

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

Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of the Town's Charter, Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed – amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance.

Assigned – amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.

Unassigned – all amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In the governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as Interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. 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 between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for doubtful accounts and depreciation.

Budgets

The Town uses the following budget practices:

- Budgets are prepared for the General Fund and Enterprise Fund on the GMP Basis and appropriations (unexpended budget balances) lapse at year end.
- A notice of the proposed operating budgets is published and since the budget for the General Fund is less than \$250,000, the Town is required to hold at least one public hearing. Publication of the budget was made after adoption.
- Budgetary control is exercised at the line item level.
- During the year, monthly budgetary comparison statements are used as a management tool to control operations. When necessary the Council adopts budget amendments, which are included in the minutes published in the Town's official journal.

Sales and Use Tax

The Town has a one percent sales and use tax approved by the voters, for an indefinite period. The tax, after all necessary costs for collection and administration, is available for general purposes.

Current Accounting Pronouncements

The Government Accounting Standards Board issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 30, 2022. Earlier application is encouraged.

Management is currently evaluating the effects of the new GASB pronouncements.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose deposits that are insured with no custodial credit risk. GASB Statement 40 requires only the separate disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either: 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the state treasurer. The deposits at December 31, 2020, consisted of the following:

	Cash	Nonnegotiable Certificates Of Deposits	Money Market Demand Accounts	Total
Deposits in bank accounts per bank	\$ 253,363	\$ -	\$ -	\$ 253,363
Bank balances exposed to custodial credit risk:	-	-	-	-
a) Uninsured and uncollateralized	-	-	-	-
b) Uninsured and collateralized with securities held by the pledging institution	-	-	-	-
c) Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's name	-	-	-	-

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 – CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2020:

Governmental Activities

	01/01/20	Increases	Decreases	12/31/20
Non-depreciable assets:				
Land	\$ 61,450	\$ -	\$ -	\$ 61,450
Depreciable assets:				
Buildings and improvements	994,348	-	-	994,348
Vehicles and equipment	41,539	-	-	41,539
Tractors and equipment	143,956	21,200	-	165,156
Furniture and office equipment	26,419	5,700	-	32,119
Other equipment	104,701	-	-	104,701
Total other capital assets at historical cost	1,315,963	26,900	-	1,342,863
Less: Accumulated depreciation for –				
Buildings and improvements	(293,490)	(27,759)	-	(321,168)
Vehicles and equipment	(35,147)	(3,196)	-	(38,343)
Tractors and equipment	(77,687)	(11,291)	-	(88,978)
Furniture and office equipment	(24,754)	(907)	-	(25,661)
Other equipment	(92,604)	(5,072)	-	(97,676)
Total accumulated depreciation	(523,601)	(48,225)	-	(571,826)
Total governmental activities capital assets, net	\$ 853,812	\$ (21,325)	\$ -	\$ 832,487

Business-Type Activities

	01/01/20	Increases	Decreases	12/31/20
Non-depreciable assets:				
Land	\$ 9,950	\$ -	\$ -	\$ 9,950
Depreciable assets:				
Water system	1,585,410	-	-	1,585,410
Vehicles and equipment	23,844	-	-	23,844
Tractors and equipment	79,513	477	-	79,990
Furniture and office equipment	1,238	-	-	1,238
Total other capital assets at historical cost	1,690,005	477	-	1,690,482
Less: Accumulated depreciation for –				
Water system	(798,838)	(37,577)	-	(836,415)
Vehicles and equipment	(23,844)	-	-	(23,844)
Tractors and equipment	(73,570)	(362)	-	(73,932)
Furniture and office equipment	(1,238)	-	-	(1,238)
Total accumulated depreciation	(897,490)	(37,939)	-	(935,729)
Total business-type activities capital assets, net	\$ 802,465	\$ (37,462)	\$ -	\$ 765,003

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 – CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/activities of the Town as follows:

Governmental Activities:	
General government	\$ 1,523
Police	3,973
Streets	11,916
Community center and recreation	30,813
Total depreciation expense-governmental activities	<u>\$ 48,225</u>
Business-type Activities:	
General and administrative	\$ 362
Water	37,577
Total depreciation expense-business-type activities	<u>\$ 37,939</u>

NOTE 4 – LEVIED TAXES

All taxable property located within the State of Louisiana is subject by law to taxation on the basis of its assessed valuation. The assessed value is determined by the Parish Assessor, except for public utility property which is assessed by the Louisiana Tax Commission.

The 1974 Louisiana Constitution provided that, beginning in 1978, all land and residential property were to be assessed at 10% of fair market value; agricultural, horticultural, marsh lands, timber lands and certain historic buildings are to be assessed at 10% of "use" value; and all other property is to be assessed at 15% of fair market value. Fair market values are determined by the elected assessor of the parish and are subject to review and final certification by the Louisiana Tax Commission. The Assessor is required to reappraise all property every four years.

The Sheriff of Pointe Coupee Parish, as provided by State Law, is the official tax collector of property taxes levied by the Town. All taxes are due by December 31 of the year and are delinquent on January 1 of the next year, which is also the lien date.

State law requires the Sheriff to collect property taxes in the calendar year in which the assessment is made. If the taxes are not paid by the due date of December 31, the taxes bear interest at 1.25% per month until the taxes are paid. After notice is given to the delinquent taxpayers, the Sheriff is required by the Constitution of the State of Louisiana to sell the least quantity of property necessary to settle the taxes and interest owed.

Property taxes are recognized as revenue in the year for which they are levied and become due. The majority of the year's taxes are collected from November to February by the Sheriff. Any amounts not collected at December 31 are shown as accounts receivable.

The following is a summary of authorized and levied ad valorem taxes for the year 2020:

Fund	Authorized Millage	Levied Millage	Expiration Date
General Fund - Alimony	7.00	5.81	Indefinite
General Fund - Municipal	7.00	6.99	12/31/2023

The difference between authorized and levied millages is the result of reassessments of taxable property in the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 5 – SALES TAX AND CENTRALIZED COLLECTION AGENCY AGREEMENT

In accordance with Paragraph (8) (1) of Section 3 of Article VII of the Constitution of the State of Louisiana, the Town entered into an agreement on May 20, 1992 with all of the sales and use taxing authorities of the Parish of Pointe Coupee designating the Sales Tax Department of the Pointe Coupee Parish Police Jury as the single tax collection entity. The agreement is effective as of July 1, 1992. The agreement authorizes the Town to compensate the collection agency 1.5% of the gross amounts collected.

NOTE 6 – FRANCHISE AGREEMENTS

The Town has granted three franchises:

Cable Television

A non-exclusive cable television franchise was granted to Zito Media Franchise. on November 14, 1995, for a period of 15 years. In 2010, the franchise was renewed with no expiration date. The annual franchise fee for this franchise shall be 5% of the annual gross subscriber revenues.

Telephone

On January 15, 1998, the Town renewed a non-exclusive telephone franchise with Star Telephone Company, Inc. for a period of twenty-five years, ending on December 31, 2022. The franchise fee is 2% of the Company's gross receipts payable quarterly.

Electric

On December 17, 2014, the Town granted a non-exclusive franchise to Pointe Coupee Electric Membership Corporation (a non-profit corporation) to supply electric energy to the Town and the inhabitants thereof for a period of 20 years. In consideration, the Town shall receive a fee of \$.0025 per kilowatt-hour for each kilowatt-hour sold within the corporate limits of the Town. In addition, the Town is provided street lighting in the corporate limits of the Town existing on the date of the franchise at no charge. Any additional street lighting needed after the franchise date will be furnished under the applicable rate.

NOTE 7 – SOCIAL SECURITY

Social Security and Medicare

All employees of the Town are members of the Federal Social Security and Medicare System. The total payroll for employees of the Town covered by the System for the year ended December 31, 2020 was \$77,268 for the General Fund and \$48,148 for the Water System.

The total contribution to the System is 15.3% of taxable payroll of which the Town contributes 7.65% and the employees contribute 7.65% each. For the year ended December 31, 2020, the Town contributed \$5,911 and \$3,683 to the System for the General Fund and the Water System, respectively.

NOTE 8 – PENSION PLAN

The Town follows the requirements of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB 68*. These standards revise and establish new financial reporting requirements for governments that provide their employees with pension benefits. These standards require the Town to record its proportionate share of the pension plan net pension liability and report the following disclosures:

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – PENSION PLAN (CONTINUED)

General Information about the Pension Plan – Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description – All permanent employees working at least 35 hours per week, not covered by another pension plan, under age 60 at date of employment, and are paid wholly or in part from municipal funds are eligible to participate in the Municipal Employees Retirement System (MERS) – Plan "B". The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. MERS issues a publicly available financial report that can be obtained at www.mersla.com.

Benefits Provided – The following is a description of the plans and their benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement – Any member of Plan B who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

- Any age with thirty (30) years of creditable service.
- Age 60 with a minimum of ten (10) or more years of creditable service.

Any member of Plan B Tier 2 shall be eligible for retirement if the member meets one of the following criteria:

- Age 67 with seven (7) or more years of creditable service.
- Age 62 with ten (10) or more years of creditable service.
- Age 55 with thirty (30) or more years of creditable service.
- Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.
 - Any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by their years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits – Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits – In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B 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. 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 and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the MERS has been terminated for at least one full year.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – PENSION PLAN (CONTINUED)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at their option, a lump sum from the account equal to the payments into the account, a true annuity based upon their account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in their account shall be paid to their named beneficiary or, if none, to their estate. If employment is not terminated at the end of three years, payments into the DROP fund cease and the person resumes active contributing membership in the MERS.

Disability Benefits – For Plan B, a member shall be eligible to retire and receive a disability benefit if they have at least ten years of creditable service; in which they would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if they have at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

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

Deferred Benefits – Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions – Contributions for all members are established by statute. Member contributions are at 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2020, and for the year ended June 30, 2019, the actual employer contribution rate was 14.00% and 14.00%, respectively. Contributions to MERS from the Town were \$10,208.

In accordance with state statute, MERS also receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

Administrative costs of MERS are financed through employer contributions.

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

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Town's proportionate share of the Net Pension Liability, the proportion at June 30, 2020, and the change in proportion measured as of June 30, 2020 is as follows:

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – PENSION PLAN (CONTINUED)

<u>Plan</u>	<u>Net Pension Liability at June 30, 2020</u>	<u>Proportion at June 30, 2020</u>	<u>Change in Proportion</u>
MERS – Plan B	\$ 85,263	0.094086%	0.000472%

For the year ended December 31, 2020, the Town recognized pension expense of \$14,009

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ 1,435
Changes in Assumptions	2,642	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,257	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	670	-
Employer Contributions Subsequent to the Measurement Date	4,127	-
Total Deferred Outflows and Inflows of Resources	<u>\$ 16,696</u>	<u>\$ 1,435</u>

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending December 31, 2020.

The Town made pension contributions of \$4,127 subsequent to the measurement period.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending December 31:

2021	\$ 4,853
2022	2,817
2023	2,109
2024	1,356
	<u>\$ 11,135</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date – June 30, 2020

Actuarial Cost Method – Entry Age Normal

Amortization Approach Actuarial Assumptions:

Expected Remaining Service Lives – 3 years

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – PENSION PLAN (CONTINUED)

Investment Rate of Return – 6.95% per annum

Inflation Rate – 2.5% per annum

Salary Increases, including inflation and merit increases-
1 to 4 years of service- 7.4%
More than 4 years of service- 4.9%

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

Mortality

- Annuitant and beneficiary mortality – PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
- Employee mortality – PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
- Disabled lives mortality – PubNS-2010(B) Disables Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

Termination, Disability, and Retirement – Termination, disability, and retirement assumptions were projected based on a five-year (2013 – 2018) experience study of MERS' members.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated 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 following table provides a summary of the best estimates of arithmetic real rates of return for each major asset class included in the pension plan target asset allocation as of June 30, 2020:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternative Investments	9%	0.40%
Total	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

Discount Rate – The discount rate used to measure the total pension liability for MERS was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

Sensitivity to Changes in the Discount Rate

The following presents the Town's proportionate share of the Net Pension Liability using the discount rate of the pension plan, 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 or one percentage-point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate	5.95%	6.95%	7.95%
Share of NPL	\$ 113,501	\$ 85,263	\$ 61,370

Pension Plans Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial reports for MERS and can be obtained on the pension plans' respective websites or on the Louisiana Legislative Auditors' website: www.la.la.gov.

Payables to the Pension Plan

As of December 31, 2020, the Town has an overpayment to MERS of \$615. Payables are the Town's legally required contributions to the pension plans. Outstanding balances are applied to the Town's required monthly contributions.

NOTE 9 – CONTINGENT LIABILITIES

There is no pending litigation against the Town.

NOTE 10 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to public official liability, police professional liability, theft or impairment of assets, errors and omissions, health of and/or injury to employees, natural disasters, and owners and contractors protective liability.

The Town is currently a member in Louisiana Municipal Risk Management Agency (LMRMA), formed under Louisiana Act No. 462 of 1979 to provide a program of workers' compensation, accident and health, and public liability coverage for its member organizations. In accordance with Revised Statute 33:1341-1350, all local government subdivisions in the State of Louisiana are eligible to participate. The LMRMA Public liability Fund's general objectives are to formulate, develop, and administer, on behalf of the member local governmental subdivisions, a program of inter-local risk management, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Local governmental subdivisions joining the Fund must be members of the Louisiana Municipal Association; a member may withdraw from the Fund by giving proper notice. Fund underwriting and rate-setting policies have been established by the Board of the Fund after consultation with actuaries. If the assets of the Fund were to be exhausted, members would only be responsible to their respective outstanding claims. The Town participates in the workers' compensation and public liability programs.

The Town purchases commercial insurance for all other risks of loss. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in coverage from amounts held in prior year.

The Town has contracted with Louisiana Municipal Risk Management Agency to provide liability coverage for general acts, law enforcement, and public officials' errors and omissions. In addition, the Town has contracted with a commercial insurance company to provide liability coverage on vehicles.

At December 31, 2020 no significant claims were owed and no liability has been recorded.

TOWN OF FORDOCHE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 11 – COMPENSATION & BENEFITS PAID TO MAYOR AND BOARD MEMBERS

Compensation and other benefits paid to the mayor and board members is as follows:

Mayor – Teddy Gros:

Salary	\$ 6,000
Social Security & Medicare taxes	<u>459</u>
Total	<u>\$ 6,459</u>

Board Members

Callie Meche – compensation	\$ 600
Callie Meche – Social Security & Medicare taxes	46
Robin Cashio – compensation	600
Robin Cashio – Social Security & Medicare taxes	46
Don Sonnier – compensation	600
Don Sonnier – Social Security & Medicare taxes	46
Tiffany Gremillion – compensation	600
Tiffany Gremillion – Social Security & Medicare taxes	46
Ronnie Bonaventure – compensation	600
Ronnie Bonaventure – Social Security & Medicare taxes	<u>46</u>
Total	<u>\$ 3,230</u>

NOTE 12 – STATE FEES

Certain fees required by the Louisiana Department of Health and Hospitals are passed on to the Town's customers. These fees are billed, collected, and remitted to the appropriate state agency and are not included in the revenues and expenses of the District.

NOTE 13 – SUBSEQUENT EVENTS

Management for the Town of Fordoche has evaluated events or transactions occurring after the balance sheet date through October 6, 2021.

TOWN OF FORDOCHE, LA
REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1: Budgetary Comparison Schedule – General Fund

Presents original adopted budget and final budget for the fiscal year and compares the final budget to actual operations of the Town.

State Law requires the Town to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2020, actual revenues were 2.43% below budgeted revenues and actual expenditures were 36.89% below budgeted expenses on the final adopted budget.

Schedule 2: Employer's Share of Net Pension Liability

Presents the Town's Net Pension Liability to MERS

Schedule 3: Town's Contributions

Presents the amounts of contributions the Town made to MERS pension system

TOWN OF FORDOCHE, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 (See Accompanying Independent Auditors' Report and Notes to the Financial Statements)
 SCHEDULE 1: BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 YEAR ENDED DECEMBER 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 126,000	\$ 126,000	\$ 179,033	\$ 53,033
Intergovernmental	45,100	45,100	12,460	(32,640)
Charges for services	41,749	41,749	9,792	(31,957)
Fines and forfeitures	20,100	20,100	23,756	3,656
Licenses and permits	23,130	23,130	24,731	1,601
Investment income	125	125	632	507
Miscellaneous	500	500	51	(449)
Total Revenues	256,704	256,704	250,455	(6,249)
EXPENDITURES				
General government	140,220	140,220	94,847	(38,614)
Police	34,797	34,797	31,368	599
Streets and drainage	41,952	41,952	33,392	2,107
Health and welfare	800	800	-	(650)
Community center and recreation	21,145	21,145	15,781	25,449
Capital Outlays	39,000	39,000	24,938	(39,000)
Total Expenditures	277,914	277,914	200,326	(50,109)
Net Change in Fund Balances	(21,210)	(21,210)	50,129	42,906
Transfers to Water System	-	-	-	-
Fund Balance – Beginning, As Restated	<u>252,121</u>	<u>252,121</u>	<u>252,121</u>	
Fund Balance – Ending	<u>\$ 230,911</u>	<u>\$ 230,911</u>	<u>\$ 302,250</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Excess of Expenditures over Appropriations

State Law requires the Town to amend its budget when projected actual revenues and surplus is 5% below the adopted budget or when projected actual expenditures exceed 5% of the adopted budget. For the year ended December 31, 2020, actual revenues exceeded budgeted revenues by 3.9% and actual expenditures were less than budgeted expenditures by 10.24% of the final adopted budget.

TOWN OF FORDOCHE, LOUISIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 (See Accompanying Independent Auditors' Report and Notes to the Financial Statements)
 SCHEDULE 2: EMPLOYER'S SHARE OF NET PENSION LIABILITY
 YEAR ENDED DECEMBER 31, 2020

For the fiscal years ended December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.094086%	0.093614%	0.091809%	0.08811%	0.083972%	0.092829%
Employer's Proportionate Share of the Net Pension Liability	\$ 85,263	\$ 81,895	\$ 77,655	\$ 76,236	\$ 69,605	\$ 63,091
Employer's Covered-Employee Payroll	\$ 74,506	\$ 73,350	\$ 70,136	\$ 65,554	\$ 61,191	\$ 64,412
Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee payroll	114%	112%	111%	117%	113%	98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.26%	66.14%	65.6%	63.5%	63.3%	68.7%

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

*The amounts presented have measurement dates of June 30, 2020, 2019, 2018, 2017, 2016 and 2015, respectively.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

There were no changes of benefit terms for the four years ended June 30, 2020.

Changes of Assumptions

The discount rate was decreased from 7.0% to 6.95% and the rate of inflation was increased from 2.5% to 2.6% for the valuation dated June 30, 2020.

The investment rate of return was decreased from 7.00% to 6.95%, and the rate of inflation was increased from 2.5% to 2.6% for the valuation dated June 30, 2020. The rate projected for salary increases were unchanged for the valuation dated June 30, 2020.

TOWN OF FORDOCHE, LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
(See Accompanying Independent Auditors' Report and Notes to the Financial Statements)

SCHEDULE 3: EMPLOYER CONTRIBUTIONS

YEAR ENDED DECEMBER 31, 2020

For the fiscal years ended December 31:

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily Required Contribution	\$10,431	\$ 10,269	\$ 9,293	\$ 7,211	\$ 5,861	\$ 6,119
Contributions in Relation to Statutorily Required Contribution	10,208	\$ 10,019	\$ 9,015	\$ 7,194	\$ 5,861	\$ 6,119
Contribution Deficiency (Excess)	\$ 473	\$ 250	\$ 278	\$ 17	-	-
Employer's Covered Employee Payroll	74,506	\$ 73,350	\$ 70,136	\$ 65,554	\$ 61,691	\$ 64,412
Contributions as a % of Covered Employee Payroll	14.00%	14.00%	13.25%	11.00%	9.50%	9.50%

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

*The amounts presented have measurement dates of June 30, 2019, 2018, 2017, 2016 and 2015, respectively.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Benefit Terms

There were no changes of benefit terms for the four years ended June 30, 2020.

Changes of Assumptions

The discount rate was decreased from 7.0% to 6.95% and the rate of inflation was increased from 2.5% to 2.6% for the valuation dated June 30, 2020.

The investment rate of return was decreased from 7.00% to 6.95%, and the rate of inflation was increased from 2.5% to 2.6% for the valuation dated June 30, 2020. The rate projected for salary increases were unchanged for the valuation dated June 30, 2020.

TOWN OF FORDOCHE, LA
OTHER SUPPLEMENTARY INFORMATION
Required by *Government Auditing Standards*

Schedule 4: Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer

Presents amounts paid to Mayor and council members

Act 706 of the 2014 Legislative Session amends Louisiana Revised Statute (R.S.) 24:513 A. (3), relative to the definition of local auditee; and adds this disclosure.

Schedule 5: Justice System Funding Schedule – Collecting/Disbursing Entity Schedule

Presents amounts the Town collected, retained, and disbursed to other agencies related to pre- or post-adjudication costs, fines, and fees

As required by Act 87 of the 2020 Regular Legislative Session.

Schedule 6: Justice System Funding Schedule – Receiving Entity Schedule

Presents amounts received by the Town from a collecting/disbursing agency related to pre- or post-adjudication costs, fines, or fees.

As required by Act 87 of the 2020 Regular Legislative Session.

TOWN OF FORDOCHE, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION

(See Accompanying Independent Auditors' Report and Notes to the Financial Statements)

SCHEDULE 4: COMPENSATION, REIMBURSEMENTS, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2020

Agency Head Name:

Mayor – Teddy Gros:

Salary	\$ 6,000
Social Security & Medicare taxes	<u>459</u>
Total	<u>\$ 6,459</u>

Board Members (Compensation)

Callie Meche	\$ 600
Robin Cashio	600
Don Sonnier	600
Tiffany Gremillion	600
Ronnie Bonaventure Jr.	<u>600</u>
Total	<u>\$ 3,000</u>

TOWN OF FORDOCHE, LOUISIANA
OTHER SUPPLEMENTARY INFORMATION

(See Accompanying Independent Auditors' Report and Notes to the Financial Statements)
SCHEDULE 5: JUSTICE SYSTEM FUNDING SCHEDULE -
COLLECTING/DISBURSING ENTITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

	First Six Month Period Ended 06/30/20	Second Six Month Period Ended 12/31/20
Cash Basis Presentation		
Beginning Balance of Amounts Collected (cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	12,053	11,628
Total Collections	12,053	11,628
Less: Disbursements to Governments & Nonprofits		
Louisiana Commission on Law Enforcement, Criminal Fines - Other	804	748
Department of Health and Human Services- Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Fines - Other	425	400
Louisiana Supreme Court - Louisiana Judicial College, Criminal Fines - Other	43	40
Treasurer, State of Louisiana - CMIS Collections, Criminal Fines- Other	85	80
Less: Amounts Retained by Collecting Agency		
Amounts self-disbursed, Criminal Fines- Other	10,696	10,360
Total Disbursements/Retainage	12,053	11,628
Ending Balance of Amounts Collected but not Disbursed	\$ -	\$ -
Other Information:		
Ending Balance of total amounts assessed but no yet collected (receivable)	\$ -	\$ -
Total Waivers during the Fiscal Period	-	-

SCHEDULE 6: JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2020

	First Six Month Period Ended 06/30/20	Second Six Month Period Ended 12/31/20
Receipts From:		
Office of Public Safety, DMV Reinstatement Court Fee,		
Criminal Court Costs/Fees	\$ 50	\$ 63
Total Receipts	\$ 50	\$ 63



TOWN OF FORDOCHE, LA
OTHER REPORT
Required by *Government Auditing Standards*

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

A report on internal controls over financial reporting and on compliance with laws and regulations as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any significant deficiencies and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.



TWRU

CPAs & Financial Advisors



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

The Honorable Teddy Gros, Mayor
and Members of the Town Council
Town of Fardoche, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and business-type activities of the Town of Fardoche, Louisiana (the Town), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town of Fardoche, Louisiana's basic financial statements and have issued our report thereon dated October 6, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
October 6, 2021



TWRU

CPAs & Financial Advisors

TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal Control over financial reporting:

- | | |
|---|------------|
| • Material weakness(es) identified? | <u>Yes</u> |
| • Significant deficiency(ies) identified? | <u>No</u> |
| • Noncompliance material to financial statements noted? | <u>No</u> |

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

2020-001 – Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION – The Town of Fordoche (the Town) does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA – AU-C Section 265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE – The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT – Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

RECOMMENDATION – Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN – Mr. Teddy Gros, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors', and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. The Town will use their outside CPA firm to review the books and records prior to the start of the annual audit.

2020-002 – Late filing of audit with Louisiana Legislative Auditor

Fiscal year finding initially occurred: 2019

CONDITION – The Town of Fordoche (the Town) did not submit the audited financial statements to the Louisiana Legislative Auditor by the extended due date.

CRITERIA – L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year plus approved extensions.

CAUSE – The 2019 audit was delayed and extended due to the Town's clerk having Covid-19 and the audit partner having Covid-19. Then the audit firm initial lead auditor left employment and a change in audit software made transition to the new auditor difficult. In addition the audit partner had family issues that took her out of the office. The completion of the 2019 audit delayed the completion of the 2020 audit.

EFFECT – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month plus approved extensions statutory submission of the financial reports is a reportable instance of noncompliance with state law.

RECOMMENDATION – Management should get the audit firm to start the audit earlier to ensure timely completion in future period.

MANAGEMENT'S CORRECTIVE ACTION PLAN – In the future the town will contract with the audit firm to start the audit within 90 days of year end and ask for audit to be delivered in advance of the six month deadline.

TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Section A - Summary of Auditors' Reports

**III. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with
*Generally Accepted Government Auditing Standards***

2019-001 – Application of Generally Accepted Accounting Principles (GAAP)

Fiscal year finding initially occurred: Unknown

CONDITION – The Town of Fordoche (the Town) does not have adequate internal controls over recording the entity's financial transactions or preparing its financial statements, including the related notes in accordance with generally accepted accounting principles (GAAP).

CRITERIA – AU-C Section 265.A37 identifies the following as a deficiency in the design of (internal) controls:

“... in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements.”

CAUSE – The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

EFFECT – Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION – Management should evaluate the additional costs required to achieve the desired benefit and determine if it is economically feasible in relation to the benefit received.

MANAGEMENT'S CORRECTIVE ACTION PLAN – Mr. Teddy Gros, Mayor, has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors', and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation. The Town will use their outside CPA firm to review the books and records prior to the start of the annual audit.

TOWN OF FORDOCHE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

2019-002 – Late filing of audit with Louisiana Legislative Auditor

Fiscal year finding initially occurred: 2019

CONDITION – The Town of Fordoche (the Town) did not submit the audited financial statements to the Louisiana Legislative Auditor by the extended due date.

CRITERIA – L.R.S. 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year plus approved extensions.

CAUSE – The audit was delayed and extended due to the Town's clerk having Covid-19 and the audit partner having Covid-19. Then the audit firm initial lead auditor left employment and a change in audit software made transition to the new auditor difficult. In addition the audit partner had family issues that took her out of the office.

EFFECT – According to the Legislative Auditor of the State of Louisiana, failure to comply with the six-month plus approved extensions statutory submission of the financial reports is a reportable instance of noncompliance with state law.

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