CITY OF FRANKLIN, LOUISIANA

Financial Report

Year Ended April 30, 2022

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INDEPENDENT AUDITOR'S REPORT

The Honorable Eugene Foulcard, Mayor
And the Honorable Members of the City Council
City of Franklin, Louisiana

Report on the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City of Franklin, Louisiana (hereinafter "City"), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government (hereinafter "basic financial statements") as listed in the table of contents.

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City, as of April 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of the City, as of April 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the

Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effects of not including the City's legally separate component units on the aggregate discretely presented component units have not been determined.

Emphasis of Matter

As described in Note 18, the prior financial statements have been restated to correct errors. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of the City's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule 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 justice system funding schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the combining nonmajor fund financial statements as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 28, 2022 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 28, 2022

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF FRANKLIN, LOUISIANA

Statement of Net Position
April 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash	$ 1,093,826	$ 119,950	$ 1,213,776
Receivables, net	619,607	621,403	1,241,010
Internal balances	2,470,127	(2,470,127)	-
Due from other governments	373,017	4,743	377,760
Prepaid expense	109,042	15,690	124,732
Total current assets	4,665,619	(1,708,341)	2,957,278
Noncurrent assets:			
Restricted assets	-	311,792	311,792
Capital assets:			
Land and construction in progress	1,874,694	12,160	1,886,854
Other, net of accumulated depreciation	12,863,328	4,595,943	17,459,271
Total noncurrent assets	14,738,022	4,919,895	19,657,917
Total assets	19,403,641	3,211,554	22,615,195
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	1,268,362	143,682	1,412,044
LIABILITIES			
Current liabilities:			
Accounts and other payables	445,668	327,774	773,442
Accrued liabilities	190,273	49,397	239,670
Contracts and notes payable	66,850	8,507	75,357
Current portion of long-term obligations	293,058	277,477	570,535
Total current liabilities	995,849	663,155	1,659,004
Noncurrent liabilities:			
Net pension liability	2,960,231	539,461	3,499,692
Customer deposits	-	257,337	257,337
Noncurrent portion of long-term obligations	2,396,678	2,363,120	4,759,798
Total noncurrent liabilities	5,356,909	3,159,918	8,516,827
Total liabilities	6,352,758	3,823,073	10,175,831
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	1,339,733	175,473	1,515,206
NET POSITION			
Net investment in capital assets	12,048,286	1,967,506	14,015,792
Restricted			
Capital projects	128,104	-	128,104
Debt service	18,518	236,792	255,310
Other purposes	22,258	-	22,258
Unrestricted (deficit)	762,346	(2,847,608)	(2,085,262)
Total net position (deficit)	$ 12,979,512	$ (643,310)	$ 12,336,202

The accompanying notes are an integral part of this statement.

CITY OF FRANKLIN, LOUISIANA

Statement of Activities
Year Ended April 30, 2022

Functions/Programs	Expenses	Program Revenues: Fees, Commissions, Fines, and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government:							
Administrative	$ 518,882	$ 395,462	$ 7,083	$ -	$ (116,337)	$ -	$ (116,337)
Judicial	722,666	161,308	9,484	-	(551,874)	-	(551,874)
Public safety:							
Fire	858,667	32,523	90,864	-	(735,280)	-	(735,280)
Police	1,493,109	65,927	83,142	-	(1,344,040)	-	(1,344,040)
Public works	852,045	-	10,735	368,698	(472,612)	-	(472,612)
Other funding	264,836	-	292,165	-	27,329	-	27,329
Recreation	368,922	-	3,145	-	(365,777)	-	(365,777)
Sanitation	2,414,166	808,408	16,411	176,859	(1,412,488)	-	(1,412,488)
Community development	106,750	-	80,470	879,000	852,720	-	852,720
Food services	40,820	-	40,428	-	(392)	-	(392)
Interest on long term debt	98,454	-	-	-	(98,454)	-	(98,454)
Total governmental activities	7,739,317	1,463,628	633,927	1,424,557	(4,217,205)	-	(4,217,205)
Business-type activities:							
Water	2,068,139	2,123,949	-	-	-	55,810	55,810
Interest on long term debt	96,777	-	-	-	-	(96,777)	(96,777)
Total business-type activities	2,164,916	2,123,949	-	-	-	(40,967)	(40,967)
Total government	$ 9,904,233	$ 3,587,577	$ 633,927	$ 1,424,557	(4,217,205)	(40,967)	(4,258,172)
General Revenues:							
Taxes:							
Ad valorem taxes					781,405	-	781,405
Franchise					404,860	-	404,860
Sales					3,064,094	-	3,064,094
Intergovernmental					1,508,456	-	1,508,456
Interest and investment earnings					1,286	8,525	9,811
Insurance dividends					120,130	-	120,130
Rentals					16,593	-	16,593
Cemetery and mausoleum sales					118,750	-	118,750
Miscellaneous					143,173	19,901	163,074
Transfers					31,000	(31,000)	-
Total general revenues and transfers					6,189,747	(2,574)	6,187,173
Change in net position					1,972,542	(43,541)	1,929,001
Net position, beginning, as restated					11,006,970	(599,769)	10,407,201
Net position, ending					$ 12,979,512	$ (643,310)	$ 12,336,202

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF FRANKLIN, LOUISIANA

Balance Sheet
Governmental Funds
April 30, 2022

	General	Liquid and Solid Waste	Capital Outlay	Other Governmental	Total Governmental Funds
ASSETS					
Cash and interest-bearing deposits	$ 455,186	$ 413,497	$ 184,367	$ 40,776	$ 1,093,826
Receivables:					
Taxes	344,674	188,220	-	-	532,894
Accounts	86,713	-	-	-	86,713
Due from other funds	-	271,923	139,029	-	410,952
Due from other governments	321,015	40,242	11,760	-	373,017
Advances to other funds	-	2,200,000	-	-	2,200,000
Prepaid expenditures	87,866	21,176	-	-	109,042
Total assets	$ 1,295,454	$ 3,135,058	$ 335,156	$ 40,776	$ 4,806,444
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 86,026	$ 223,897	$ 135,745	$ -	$ 445,668
Due to other funds	140,825	-	-	-	140,825
Accrued liabilities	94,418	10,058	71,307	-	175,783
Notes payable	51,627	15,223	-	-	66,850
Total liabilities	372,896	249,178	207,052	-	829,126
Fund balances:					
Nonspendable	120,827	2,221,176	-	-	2,342,003
Restricted	-	-	128,104	40,776	168,880
Committed	-	664,704	-	-	664,704
Assigned	6,336	-	-	-	6,336
Unassigned	795,395	-	-	-	795,395
Total fund balances	922,558	2,885,880	128,104	40,776	3,977,318
Total liabilities and fund balances	$ 1,295,454	$ 3,135,058	$ 335,156	$ 40,776	$ 4,806,444

(continued)

CITY OF FRANKLIN, LOUISIANA

Balance Sheet (continued)
Governmental Funds
April 30, 2022

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

Total fund balances for governmental funds at April 30, 2022		$ 3,977,318
Cost of capital assets:		
Land	864,766	
Construction in progress	1,009,928	
Capital assets, net of accumulated depreciation	12,863,328	14,738,022
Deferred outflows of resources related to net pension liability		1,268,362
Long-term liabilities:		
Long-term bond and capital lease obligations		(2,689,736)
Net pension liability		(2,960,231)
Accrued interest payable		(14,490)
Deferred inflows of resources related to net pension liability		(1,339,733)
Net position at April 30, 2022		$ 12,979,512

The accompanying notes are an integral part of this statement.

CITY OF FRANKLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended April 30, 2022

	General	Liquid and Solid Waste	Capital Outlay	Other Governmental	Total Governmental Funds
Revenues:					
Taxes	$ 2,912,656	$ 1,337,703	$ -	$ -	$ 4,250,359
Licenses and permits	382,675	-	-	-	382,675
Intergovernmental	3,083,005	176,859	368,698	40,428	3,668,990
Insurance rebates	120,130				120,130
Fees, commissions, and charges for services	-	808,408	-	7,158	815,566
Fines and forfeits	52,350	-	-	-	52,350
Rentals	16,593	-	-	-	16,593
Interest income	1,252	5	23	6	1,286
Cemetery plot and mausoleum sales	118,750	-	-	-	118,750
Miscellaneous	148,732	859	-	-	149,591
Total revenues	6,836,143	2,323,834	368,721	47,592	9,576,290
Expenditures:					
Current -					
General government:					
Administrative	488,118	-	-	-	488,118
Judicial	735,700	-	-	-	735,700
Public safety:					
Fire	795,936	-	-	-	795,936
Police	1,488,324	-	-	7,505	1,495,829
Public works:					
Streets and drainage	691,267	-	-	-	691,267
Other funding	264,836	-	-	-	264,836
Recreation	296,273	-	-	-	296,273
Sanitation	-	2,173,502	-	-	2,173,502
Community development	70,092	-	-	-	70,092
Food services	-	-	-	40,820	40,820
Miscellaneous	-	-	388	-	388
Debt service -					
Principal	127,001	54,000	-	125,114	306,115
Interest and fiscal charges	49,208	12,572	-	38,294	100,074
Capital outlay	64,971	-	1,903,334	-	1,968,305
Total expenditures	5,071,726	2,240,074	1,903,722	211,733	9,427,255
Excess (deficiency) of revenues over expenditures	1,764,417	83,760	(1,535,001)	(164,141)	149,035
Other financing sources (uses):					
Transfers in	-	-	1,649,059	164,400	1,813,459
Transfers out	(1,750,959)	(31,500)	-	-	(1,782,459)
Total other financing sources (uses)	(1,750,959)	(31,500)	1,649,059	164,400	31,000
Net change in fund balances	13,458	52,260	114,058	259	180,035
Fund balances, beginning, as restated	909,100	2,833,620	14,046	40,517	3,797,283
Fund balances, ending	$ 922,558	$ 2,885,880	$ 128,104	$ 40,776	$ 3,977,318

(continued)

CITY OF FRANKLIN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
Governmental Funds
Year Ended April 30, 2022

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Total net change in fund balances for the year ended April 30, 2022 per Statement of Revenues, Expenditures and Changes in Fund Balances	$ 180,035
Cost of capital assets acquired or constructed	1,968,305
Depreciation expense	(732,344)
Principal payments on bonds and capital leases	306,114
Change in accrued interest	1,620
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Change in pension expense	144,244
Nonemployer pension contribution revenue	104,568
Total change in net position for the year ended April 30, 2022 per Statement of Activities	$ 1,972,542

The accompanying notes are an integral part of this statement.

CITY OF FRANKLIN, LOUISIANA

Statement of Net Position
Proprietary Funds
April 30, 2022

	Water
ASSETS	
Current assets:	
Cash and interest-bearing deposits	$ 119,950
Receivables, net	621,403
Due from other governments	4,743
Prepaid expenses	15,690
Total current assets	761,786
Noncurrent assets:	
Restricted assets-	
Cash	311,792
Capital assets:	
Land and construction in progress	12,160
Other, net of accumulated depreciation	4,595,943
Total noncurrent assets	4,919,895
Total assets	5,681,681
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to net pension liability	143,682
LIABILITIES	
Liabilities:	
Current liabilities:	
Accounts payable	327,774
Accrued liabilities	49,397
Notes payable	8,507
Capital lease obligation	202,477
Due to other funds	270,127
Payable from restricted assets-	
Revenue bonds	75,000
Total current liabilities	933,282
Noncurrent liabilities:	
Net pension liability	539,461
Capital lease obligation	723,120
Revenue bonds	1,640,000
Advances from other funds	2,200,000
Customer deposits	257,337
Total noncurrent liabilities	5,359,918
Total liabilities	6,293,200
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to net pension liability	175,473
NET POSITION	
Net investment in capital assets	1,967,506
Restricted	236,792
Unrestricted (deficit)	(2,847,608)
Total net position (deficit)	$ (643,310)

The accompanying notes are an integral part of this statement.

CITY OF FRANKLIN, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended April 30, 2022

	Water
Operating revenues:	
Charges for services-	
Water sales	$ 1,773,821
Street lights	184,432
Mosquito control	71,010
Other	94,686
Miscellaneous	19,901
Total operating revenues	2,143,850
Operating expenses:	
Administrative and finance	420,632
Water production	713,992
Water distribution	187,410
Meter department	119,491
Street light fees	204,277
Depreciation	350,400
Mosquito control	71,676
Miscellaneous	261
Total operating expense	2,068,139
Operating income	75,711
Nonoperating revenues (expenses):	
Interest income	8,525
Interest and fiscal charges	(96,777)
Total nonoperating revenues (expenses)	(88,252)
Loss before contributions and transfers	(12,541)
Transfers out	(31,000)
Change in net position	(43,541)
Net position, beginning	(599,769)
Net position, ending	$ (643,310)

The accompanying notes are an integral part of this statement.

CITY OF FRANKLIN, LOUISIANA

Statement of Cash Flows
Proprietary Funds
Year Ended April 30, 2022

	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	$2,093,714
Payments to suppliers for goods and services	(762,243)
Payments to employees	(776,542)
Net cash provided by operating activities	554,929
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Receipts from other funds	59,220
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of property, plant and equipment	(319,311)
Interest and fiscal charges paid	(96,777)
Principal paid on revenue bonds	(75,000)
Principal paid on capital lease obligations	(195,598)
Net cash used by capital and related financing activities	(686,686)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on interest-bearing deposits	8,525
Net decrease in cash and cash equivalents	(64,012)
Cash and cash equivalents, beginning	495,754
Cash and cash equivalents, ending	$ 431,742

(continued)

CITY OF FRANKLIN, LOUISIANA

Statement of Cash Flows (continued)
Proprietary Funds
Year Ended April 30, 2022

	Water
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	$ 75,711
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	350,400
Pension expense, net of nonemployer contributions	(28,885)
Changes in assets and liabilities:	
Accounts receivable	(46,151)
Due from other governments	(259)
Prepaid expenses	(537)
Accounts payable and other liabilities	189,356
Accrued liabilities	9,162
Notes payable	(4,711)
Customer deposits	10,843
Total adjustments	479,218
Net cash provided by operating activities	$ 554,929

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

The City of Franklin ("City") was incorporated April 15, 1876, under the provisions of a special charter. The City operated under a Mayor-Council form of government until August 1, 2004, at which time the City adopted a Home Rule Charter and now operates under an elected Mayor-Council, administrative-legislative form of government. The City 's operations include police and fire protection, streets and drainage, parks and recreation, residential waste collection services, certain social services and general and administration services. The City owns and operates an enterprise fund which provides water services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513, the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units.*

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

GASB Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
   a) The ability of the City to impose its will on that organization and/or
   b) The potential for the organization to provide specific financial benefits to or to impose specific financial burdens on the City.

2. Organizations for which the City does not appoint a voting majority but are fiscally dependent upon the City.

3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Component Units –

Based on the previous criteria, the City has two component units, the City Court of the City of Franklin (City Court) and the Ward Three Marshal of the Parish of St. Mary (Marshal's Office).

The City Court operates a court for the City of Franklin and the territorial jurisdiction throughout Ward Three of St. Mary Parish, Louisiana. The City Court collects all fines, forfeitures, penalties and costs assessed. The city judge is elected for a six-year term. The City Court's fiscal year ends on June 30, which is different from that of the City, the primary government. The City provides the facilities in which the City Court operates and has approval authority over certain expenditures of the City Court. Complete financial statements issued by the City Court may be obtained directly from the City Court at 508 2nd Street, Franklin, Louisiana 70538.

The Marshal's Office accounts for the activities of the Marshal in carrying out the duties of the City Court. The expense of carrying out these duties are defrayed by costs collected through the City Court and remitted to the Marshal's Office. The Marshal is elected for a six-year term. The fiscal year of the Marshal's Office ends on June 30, which is different from that of the City, the primary government. The City provides the facilities in which the Marshal's Office operates and has approval authority over certain expenditures of the Marshal's Office. Complete financial statements issued by the Marshal's Office may be obtained directly from the Marshal's Office at PO Box 343, Franklin, Louisiana 70538.

The City has chosen to issue financial statements of the primary government only.

B. Basis of Presentation

Government-wide Financial Statements –

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the City. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements –

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

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

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

The major governmental funds of the City are described below:

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

Special Revenue Fund:

Liquid and Solid Waste Fund— accounts for the receipt and use of proceeds of the City's pro-rata portion of the St. Mary Parish ¾% sales and use tax. These taxes are dedicated to the construction, maintenance, and operations of sewerage or solid waste disposal systems, and police and fire protection.

Capital Project Fund:

Capital Outlay Fund— accounts for the receipt and use of funds received from grant sources for the purpose of acquiring assets or other capital expenditures.

Proprietary Funds:

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

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included in the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net total position. Under the accrual basis of accounting, revenues are recognized when earned including unbilled water services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Sales taxes are considered measurable when in the hands of intermediary collecting governments and are recognized as revenues at that time. The City considers property taxes available if they are collected within 60 days after year-end. Expenditures are recorded when the related liability is incurred.

Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on investments. Licenses, permits, and fines are recognized when they are received because they are not objectively measurable.

D. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits. Deposits are stated at cost, which approximates market.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts.

E. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

F. Receivables

All receivables are shown net of an allowance account, as applicable.

G. Prepaid Items

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis.

H. Capital Assets

Capital assets, which include property, plant, equipment and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements and in the fund financial statements for the proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Assets capitalized have an original cost of $2,500 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20 - 40 years
Improvements	20 - 40 years
Equipment	5 - 25 years

I. Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use. The restricted assets are related to the revenue bond accounts and utility meter deposits.

J. Deferred Outflows of Resources and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense or expenditure) until then. The City reports deferred outflows of resources related to its net pension liability on its government-wide and proprietary funds statements of net position.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City may report deferred inflows arising from unavailable revenues. Unavailable revenue occurs under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The City also reports deferred inflows related to its net pension liability on its government-wide and proprietary funds statements of net position.

K. Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, capital lease obligations, and utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

L. Equity Classifications

Government-wide Financial Statements –

Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted – Consists of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements –

Proprietary fund equity is classified the same as in the government-wide statements. Governmental fund equity is classified as fund balance. Fund balance for the City's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

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

b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other government.

c. Committed – amounts that can be used only for specific purposes determined by a formal action of the City Council. The Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council.

d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent can be expressed by the City Council.

e. Unassigned – all other spendable amounts.

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

M. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses –

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses –

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

In the governmental funds' financial statements, expenditures are classified by character. In the proprietary fund, expenses are classified as operating or nonoperating.

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

Bad Debts –

Uncollectible amounts due for ad valorem taxes are recognized as bed debts at the time information becomes available which would indicate collection of the particular receivable is unlikely. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), the resulting difference between the allowance method and the specific charge-off method would result in an immaterial difference. An allowance for uncollectible utility receivables has been provided at April 30, 2022.

N. Interfund Transfers

Permanent reallocation of resources between funds is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. Interfund transfers between governmental funds and business-type funds are not eliminated but are shown in the statement of activities as "transfers."

O. Compensated Absences

Full time employees of the City earn vacation leave based upon their total years of service. Vacation leave must be used within the fiscal year and cannot be carried over to subsequent periods.

P. Pensions

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

Q. Use of Estimates

The City's management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures or expenses, as appropriate. Actual results may differ from these estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At April 30, 2022, the City has cash and interest-bearing deposits (book balances) totaling $1,525,568 as follows:

	Governmental Activites	Business-type Activities	Total
Demand deposits	$ 1,093,226	$ 430,842	$ 1,524,068
Petty cash	600	900	1,500
Total	$ 1,093,826	$ 431,742	$ 1,525,568

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at April 30, 2022 are as follows:

Bank balances	$ 1,561,714
Federal deposit insurance	$ 869,248
Pledged securities	692,466
Total	$ 1,561,714

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. The City has not formally adopted policies that limit allowable deposits or investments and address the specific type of risk to which the City is exposed, nor a policy to monitor or attempt to reduce exposure to custodial credit risk. At April 30, 2022, deposits in the amount of $692,466 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the City's name.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are billed to taxpayers in November. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

City property tax revenues are budgeted in the year billed.

For the year ended April 30, 2022, taxes of 20.54 mills were levied on property with assessed valuations totaling $37,118,314 and were dedicated as follows:

General governmental services	14.45 mills
Sewerage system maintenance	6.09 mills

Total taxes levied for the year ended April 30, 2022 were $762,410.

(4) Receivables

Receivables at April 30, 2022 consist of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	86,713	$ 957,913	$ 1,044,626
Taxes	532,894	-	532,894
	619,607	957,913	1,577,520
Less: allowance for uncollectible	-	(336,510)	(336,510)
Net receivables	$ 619,607	$ 621,403	$ 1,241,010

(5) Due from other Governments

Amounts due from other governments at April 30, 2022 consisted of the following:

Governmental Activities:	
State of Louisiana - Renovation Grant	$ 139,029
State of Louisiana - LGAP Grant	44,000
State of Louisiana - CWEF Grant	50,000
State of Louisiana - Transportation Grant	21,099
State of Louisiana - Video poker	28,628
St. Mary Parish Government - Parish share of City Court operating costs	38,259
St. Mary Parish Government - Parish share of sewer plant operating costs	40,242
St. Mary Parish Government - Share of Yokely Canal project costs	5,880
St. Mary Parish Consolidated Drainage District No. 1 - Share of Yokely Canal	5,880
Total governmental activities	$ 373,017

Business-Type Activities:	
St. Mary Parish Water & Sewer Commission No. 3 - Charges for services	$ 792
St. Mary Parish Water & Sewer Commission No. 4 - Charges for services	3,951
Total business-type activities	$ 4,743

(6) Changes in Capital Assets

Capital asset activity for the year ended April 30, 2022, was as follows:

	Balance 05/01/2021	Additions	Deletions	Balance 04/30/2022
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 864,766	$ -	$ -	$ 864,766
Construction in progress	5,366,065	1,903,334	(6,259,471)	1,009,928
Total capital assets not being depreciated	6,230,831	1,903,334	(6,259,471)	1,874,694
Capital assets being depreciated:				
Buildings	2,936,741	2,214,071	-	5,150,812
Equipment	5,148,330	10,176	-	5,158,506
Infrastructure	17,895,173	4,101,090	-	21,996,263
Total capital assets being depreciated	25,980,244	6,325,337	-	32,305,581
Less accumulated depreciation for:				
Buildings	(2,082,903)	(48,322)	-	(2,131,225)
Equipment	(3,693,094)	(468,518)	-	(4,161,612)
Infrastructure	(12,933,912)	(215,504)	-	(13,149,416)
Total accumulated depreciation	(18,709,909)	(732,344)	-	(19,442,253)
Total capital assets, being depreciated, net	7,270,335	5,592,993	-	12,863,328
Governmental activities capital assets, net	$ 13,501,166	$ 7,496,327	$ (6,259,471)	$ 14,738,022
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 10,000	$ -	$ -	$ 10,000
Construction in progress	-	2,160	-	2,160
Total capital assets not being depreciated	10,000	2,160	-	12,160
Capital assets being depreciated:				
Water utility system	10,574,570	317,150	-	10,891,720
Less accumulated depreciation for:				
Water utility system	(5,945,377)	(350,400)	-	(6,295,777)
Total capital assets, being depreciated, net	4,629,193	(33,250)	-	4,595,943
Business-type activities capital assets, net	$ 4,639,193	$ (31,090)	$ -	$ 4,608,103

Depreciation expense was charged as direct expense to functions as follows:

Governmental activities:	
General government and administration	$ 38,230
Judicial	1,323
Public safety:	
Police	51,113
Fire	100,096
Public works:	
Streets and drainage	171,326
Community development	37,728
Culture and recreation	75,740
Sanitation	256,788
Total depreciation expense, governmental activities	$ 732,344
Business-type activities:	
Water	$ 350,400

(7) Long-Term Liabilities

During the year ended April 30, 2022 the following changes occurred in long-term liabilities:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Direct placements					
Taxable limited tax bonds	$ 990,003	$ -	$ (54,000)	$ 936,003	$ 54,000
Public improvement revenue bonds	1,035,000	-	(90,000)	945,000	90,000
Capital lease obligations	970,847	-	(162,114)	808,733	149,058
Total governmental activities	$ 2,995,850	$ -	$ (306,114)	$ 2,689,736	$ 293,058
Business- type activities:					
Direct placements					
Water revenue bonds	$ 1,790,000	$ -	$ (75,000)	$ 1,715,000	$ 75,000
Capital lease obligations	1,121,195	-	(195,598)	925,597	202,477
Total business-type activities	$ 2,911,195	$ -	$ (270,598)	$ 2,640,597	$ 277,477

Bonds payable at April 30, 2022 are comprised of the following individual issues:

Governmental Activities-	
$1,880,000 Taxable Limited Tax Bonds, Series 2018, payable in annual installments of $18,000 to $63,000 through April 1, 2038, with interest at 0.95%; secured by ad valorem tax proceeds	$ 936,003
$1,650,000 Public Improvement Revenue Bonds, Series 2012, payable in annual installments of $70,000 to $120,000 through June 1, 2030, with interest from 3.150% to 3.900%; secured by excess annual revenues	945,000
Total	$ 1,881,003
Business-Type Activities-	
$1,800,000 Water Revenue Bonds, Series 2021, payable in annual installments of $10,000 to $115,000 through March 1, 2040, with interest at 2.380%; secured by water revenues from the Water Fund.	$ 1,715,000

The schedule of interest rates for the Series 2012 variable-rate debt is as follows:

Year Ending April 30,	Interest Rate
2023	3.70%
2024	3.15%
2025	3.25%
2026	3.35%
2027	3.50%
2028	3.55%
2029	3.65%
2030	3.70%
2031	3.90%

The various bond indentures contain significant limitations and restrictions as to the annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

The annual requirements to amortize all debt outstanding as of April 30, 2022 are as follows:

	Governmental Activities			Business-Type Activities		
	Direct Placements			Direct Placements		
Year Ending April 30,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 144,000	$ 40,679	$ 184,679	$ 75,000	$ 40,817	$ 115,817
2024	150,000	37,006	187,006	80,000	39,032	119,032
2025	156,000	33,361	189,361	80,000	37,128	117,128
2026	156,000	29,529	185,529	85,000	35,224	120,224
2027	162,000	25,485	187,485	85,000	33,201	118,201
2028-2032	746,000	60,769	806,769	455,000	134,827	589,827
2033-2037	304,000	11,702	315,702	515,000	77,588	592,588
2038-2040	63,003	600	63,603	340,000	16,303	356,303
Total	$ 1,881,003	$ 239,131	$ 2,120,134	$ 1,715,000	$ 414,120	$ 2,129,120

The City has entered into several capital leases to finance the acquisition of vehicles and equipment. Assets and related accumulated amortization under capital lease are as follows:

	Governmental Activities	Business-Type Activities
Vehicles - fire trucks	$ 806,092	$ -
Vehicles - police cars	165,605	-
Equipment - backhoe	74,562	-
Equipment - lawn mowers	17,667	-
Equipment - air packs	223,500	
Equipment - pumps	-	94,089
Equipment - Generator	-	71,632
Equipment - tractor	-	24,443
Water meters	-	1,635,785
Less: accumulated amortization	(305,042)	(391,003)
	$ 982,384	$ 1,434,946

Amortization of leased capital assets is included with depreciation expense. The City also rents various equipment at times on a short-term basis.

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of the net minimum lease payments as of April 30, 2022:

Year ending April 30,	Governmental Activities	Business-Type Activities
2023	$ 181,028	$ 232,097
2024	146,361	232,097
2025	144,398	220,643
2026	138,508	204,398
2027	138,508	107,922
2028-2030	170,417	6,089
Total minimum lease payments	919,220	1,003,246
Less: amount representing interest	(110,487)	(77,649)
Present value of net minimum lease payments	$ 808,733	$ 925,597

Current year lease payments totaled $201,343 and $232,097 for governmental and business-type activities, respectively.

(8) Net position

Net position is presented as net investments in capital assets, restricted and/or unrestricted. The City's net position is affected by transactions that resulted in the recognition of deferred outflow of resources and deferred inflow of resources, and the difference between the deferred outflow of resources and deferred inflow of resources, and balance of the related asset or liability is significant. As discussed in Note 13, the City's recognition of net pension liability in accordance with GASBS No. 68 significantly affect the City's unrestricted component of net position in its governmental activities and business-type activities as of April 30, 2022.

At April 30, 2022, the government-wide statement of net position reports the following restricted net position:

	Governmental Activities	Business-Type Activities
Restricted by enabling legislation:		
Capital grants	$ 128,104	$ -
Police narcotics	14,005	-
Net position otherwise restricted for:		
Debt service	18,518	236,792
Summer feeding program	8,253	-
Total restricted net position	$ 168,880	$ 236,792

(9) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Liquid and Solid Waste	Capital Outlay	Other Governmental Funds	Total Governmental Funds
Fund balances:					
Nonspendable -					
Perpetual care	$ 32,961	$ -	$ -	$ -	$ 32,961
Interfund advances	-	2,200,000	-	-	2,200,000
Prepaid items	87,866	21,176	-	-	109,042
Total fund balances - nonspendable	120,827	2,221,176	-	-	2,342,003
Restricted for -					
Utility plant improvements	-	-		-	-
Capital improvements	-	-	128,104	-	128,104
Debt service	-	-	-	18,518	18,518
Summer feeding program	-	-	-	8,253	8,253
Drug enforcement	-	-	-	14,005	14,005
Total fund balances - restricted	-	-	128,104	40,776	168,880
Committed to -					
Sanitation and sewer operations	-	664,704	-	-	664,704
Assigned to -					
Law enforcement	6,336	-	-	-	6,336
Unassigned	795,395	-	-	-	795,395
Total fund balances	$ 922,558	$ 2,885,880	$ 128,104	$ 40,776	$ 3,977,318

(10) Contingencies

Threatened/Pending Litigation

There are several lawsuits presently threatened or pending against the City as of April 30, 2022. In suits pending, legal counsel and management are of the opinion that any unfavorable outcome in these cases would be within the limits of the City's insurance coverage, when applicable. However, the City does not carry insurance for certain general liabilities. Potential damages or liabilities on the part of the City cannot be estimated for related cases due to current status of litigation.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. However, it is the policy of the City to retain the risk of losses related to general public liability (excluding vehicles and buildings). The City is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended April 30, 2022. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(11) Interfund Transactions

A. Receivables and payables

Interfund receivables and payables at April 30, 2022 consisted of the following:

	Interfund payables		
	General	Water Enterprise	Total
Interfund receivables			
Due from other funds:			
Liquid and Solid Waste	$ 1,796	$ 270,127	$ 271,923
Capital outlay	139,029	-	139,029
Advances to other funds:			
Liquid and Solid Waste	-	2,200,000	2,200,000
Total	$ 140,825	$ 2,470,127	$ 2,610,952

Interfund receivables and payables arise as a result of transactions between funds when there is an expectation that the disbursing fund will be repaid or reimbursed by the recipient fund.

B. Operating transfers

Transfers between funds for the year ended April 30, 2022 were as follows:

	Transfers in		
	Capital Outlay	Nonmajor Govermental	Total
Transfers out:			
General	$ 1,598,559	152,400	$ 1,750,959
Liquid and Solid Waste	25,500	6,000	31,500
Water Enterprise	25,000	6,000	31,000
Total	$ 1,649,059	$ 164,400	$ 1,813,459

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(12) Dedication of Proceeds and Flow of Fund-Sales and Use Tax

The City collects sales taxes under four sales tax levies as follows:

Proceeds of a 1% parish wide sales and use tax levied in 1966 (2022 collections $1,247,247). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is remitted to each participating municipality on a monthly basis. Proceeds of this tax shall be used for the following purposes: construction, acquisition, improvement, maintenance and repairs of streets, capital improvements, public works and buildings (including the acquisition of sites and necessary fixtures, equipment, furnishings and appurtenances, and the payment of obligations and refunding obligations which have been or may be issued for the purpose of acquiring and improving public works and buildings); for payment or supplementing salaries of all municipal employees; for the operation of recreational facilities; for the acquisition, maintenance, repairs and payment of operating expenses of equipment, vehicles, and other machinery owned by the municipality; and for any other public purpose authorized by state law.

Proceeds of a 3/4 of 1% sales and use tax levied in 1974 (2022 collections $1,110,039). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for the construction, acquisition, extension, improvement, operation, and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works, and other facilities for pollution control and abatement, fire and police protection; and to pay debt service requirements on bonds issued for any of the above-mentioned purposes. The tax was reapproved for levy in 1987. At the time of reauthorization, voters approved a provision authorizing that the proceeds could also be used for law enforcement and fire protection costs.

Proceeds of a 3/10 of 1% sales and use tax levied in 1982 (2022 collections $336,792). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are dedicated to the following purposes: operating and maintaining the police department, including the acquisition and maintenance of equipment and supplies; paying or supplementing the salaries of municipal employees; and purchasing, constructing, acquiring, extending and/or improving all or any portion of public works or capital improvements, including but not limited to the construction, improvement and maintenance of drainage, water, and flood control extensions and improvements and the acquisition, construction, improvement, maintenance and repair of streets, roads, and bridges.

Proceeds of a ½ of 1% sales and use tax levied in 2001 (2022 collections $370,016). Tax is collected by the St. Mary Parish Sales and Use Tax Department and is allocated and distributed monthly as above. Proceeds are to be used for increased salaries for police departments and also for operating and maintaining the police department.

(13) Employee Retirement

Eligible employees of the City participate in one of four cost-sharing, multiple-employer defined benefit public employee retirement systems (PERS), which are controlled and administered by a separate board of trustees. These retirement systems provide retirement disability and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows:

A. Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description: The Municipal Employees' Retirement System of Louisiana (MERS), a cost-sharing multiple-employer defined benefit pension plan, was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System. The City participates in Plan A of MERS.

Eligibility Requirements: Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in MERS with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in MERS occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the system as a condition of employment.

Retirement Benefits: Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

3. Any age with twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarily reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his 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. An additional regular retirement benefit can be received for any City marshal or deputy City marshal. See plan booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarily reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average 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. Any City marshal or deputy City marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

Survivor Benefits: Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A, 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.

Deferred Retirement Option Plan (DROP) Benefits: In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A 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 System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his 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 his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits: For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five 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 A shall be paid a disability benefit equal to the lesser of (1) an amount equal to three percent of his final compensation multiplied by his years of credible service, but not less than forty-five 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: Both plans provide 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.

Employer Contributions: Contributions for all members are established by statute. Member contributions are at 10.00% of earnable compensation for Plan A. 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, 2021, the actual employer contribution rate was 29.50% for Plan A.

Non-Employer Contributions: According to state statute, MERS also receives one-fourth (1/4) of 1% of ad valorem taxes within the respective parishes except for Orleans. MERS also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At April 30, 2022, The City reported liabilities in its government-wide financial statements of $1,929,076 and $539,461 in its governmental activities and its business-type activities, respectively, for its proportionate share of the net pension liabilities of MERS. The net pension liabilities were measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportional share of MERS was 0.887483%, which was a decrease of 0.027567% from its proportion measured as of June 30, 2020.

For the year ended April 30, 2022, the City recognized pension expense of $340,440 and $125,729 in its governmental activities and business-type activities, respectively, related to its participation in MERS.

At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 694	$ 22,019	$ 196	$ 6,211
Changes in Assumption	70,365	-	19,846	-
Net difference between projected and actual earnings on pension plan investments	-	542,499	-	152,066
Changes in proportion and differences between employer contributions and proportionate share of contributions	84,303	61,915	23,778	17,196
Employer contributions subsequent to the measurement date	349,538	-	99,862	-
	$ 504,900	$ 626,433	$ 143,682	$ 175,473

Deferred outflows of resources of $449,400 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	Governmental Activities	Business-Type Activities	Total
2023	$ (18,142)	$ (5,117)	$ (23,259)
2024	(128,484)	(36,240)	(164,724)
2025	(139,861)	(39,448)	(179,309)
2026	(184,584)	(50,848)	(235,432)
	$ (471,071)	$ (131,653)	$(602,724)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2021 valuation was based on the results of an experience study, for the period July 1, 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	Municipal Employees' Retirement System (MERS) Plan A
Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	6.85%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Projected salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%
-More than 4 years of service	4.5%
Annuity 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) Employee Table set equal to 120% for males and females each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The investment rate of return was 6.85%, which was a .10 decrease from the rate used as of June 30, 2020. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85%, which was a .10% decrease from the rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the 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.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' 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 as of June 30, 2021:

	Changes in Discount Rate: MERS - Plan A		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability	$ 3,656,029	$ 2,468,537	$ 1,465,535

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended April 30, 2022, the City recognized revenue as a result of support received from the non-employer contributing entities of $66,224 for its participation in MERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MERS for the year ended April 30, 2022 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to MERS as of April 30, 2022 is $40,923.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MERS available at www.mersla.com.

B. Municipal and State Police Retirement System of Louisiana (MPERS)

Plan Description: The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The Municipal Police Employees' Retirement System of Louisiana issues a stand-alone report on their financial statements. Access to the audit report can be found on the System's website: www.lampers.org or on the Louisiana Legislative Auditor's website, www.lla.state.la.us.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or $200 per month, whichever is greater.

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.50%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under conditions outlined in state statute, benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of the member's average final compensation or $200 per month, whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments (COLA): The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan (DROP): A member is eligible to enter DROP when he is eligible for regular retirement based on the member's sub plan participation. Upon filing the application for the program, the employee's active membership in the system is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited in to the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period, the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the system shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the system's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the system's investment portfolio return or a money market investment return. This could result in negative earnings rate being applied to the account.

If the member elects the money market investment return option, the funds are transferred to a government money market account and earn interest at the money market rate.

Initial Benefit Option Plan: In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Employer Contributions: Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2022, the employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than poverty guidelines issued by the United States Department of Health and Human Services were 36.25% and 7.5%, respectively.

Non-Employer Contributions: MPERS also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2021 and excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At April 30, 2022, The City reported liabilities in its government-wide financial statements of $667,219 in its governmental activities for its proportionate share of the net pension liabilities of MPERS. The net pension liabilities were measured as of June 30, 2021, and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021 the City's proportional share of MPERS was 0.125169%, which was an increase of 0.043307% from its proportion measured as of June 30, 2020.

For the year ended April 30, 2022, the City recognized a pension expense of $106,253 in its governmental activities related to its participation in MPERS.

At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 20,548
Changes in Assumption	73,891	19,033
Net difference between projected and actual earnings on pension plan	-	311,539
Changes in proportion and differences between employer contributions and proportionate share of contributions	276,267	83,575
Employer contributions subsequent to the measurement date	132,145	-
	$ 482,303	$434,695

Deferred outflows of resources of $132,145 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2023	$ (3,214)
2024	(6,617)
2025	32,627
2026	(107,333)
	$ (84,537)

Actuarial Methods and Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

The actuarial assumptions used in the June 30, 2021 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on the estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	Municipal Police Employees' Retirement System (MPERS)	
Valuation Date	June 30, 2021	
Actuarial cost method	Entry Age Normal	
Actuarial cost assumptions:		
Expected emaining service lives	4 years	
Investment rate of return	6.75%, net of investment expense	
Inflation rate	2.50%	
Projected salary increases	Yrs of Service	Salary Growth
	1-2	12.30%
	Above 2	4.70%
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

The investment rate of return was 6.75%, which was a .20% decrease from the rate used as of June 30, 2020.

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

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

Asset Class		Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity		55.50%	3.47%
Fixed Income		30.50%	0.59%
Alternative		14.00%	1.01%
	Totals	100.00%	5.07%
	Inflation		2.22%
Expected Nominal Return			7.30%

The discount rate used to measure the total pension liability was 6.750%, which was a .200% decrease from the rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the 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.

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' 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:

	Changes in Discount Rate: MPERS		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	$1,162,858	$ 667,219	$ 253,528

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended April 30, 2022, the City recognized revenue as a result of support received from the non-employer contributing entities of $27,972 for its participation in MPERS.

Payables to the Pension Plan: The City recorded accrued liabilities to MPERS for the year ended April 30, 2022 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to MPERS as of April 30, 2022 is $12,796.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for MPERS available at www.lampers.org.

C. Firefighters' Retirement System (FFRS)

Plan Description: The Firefighters' Retirement System (FFRS) is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Eligibility Requirements: Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in FFRS consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least $375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age 50 or over shall become a member of FFRS unless the person becomes a member by reason of merger or unless FFRS received an application for membership before the applicant attained the age of 50. No person who has not attained the age of 18 shall become a member of FFRS.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of FFRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with FFRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in FFRS.

Retirement Benefits: Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits: A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits: Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan (DROP): After completing 20 years of creditable service and attaining the age of 50 years, or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in DROP, employer and employee contributions to FFRS cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to FFRS. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option Plan: Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs): Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, FFRS must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to $1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of living adjustment.

Contributions: Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

Employer Contributions: According to state statute, employer contributions are actuarially-determined each year. For the year ended June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8%, respectively.

Non-Employer Contributions: According to state statute, FFRS receives insurance premium assessments from the state of Louisiana. The assessment is considered support from a non-employer contribution entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions were recognized as revenue during the year ended June 30, 2021 and were excluded from pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources: At April 30, 2022, The City reported liabilities in its government-wide financial statements of $309,392 in its governmental activities for its proportionate share of the net pension liabilities of FFRS. The net pension liabilities were measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by separate actuarial valuations performed on each of the retirement systems as of that date. Under each retirement system, the City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportional share of FFRS was 0.087304%, which was an increase of 0.010231% from its proportion measured as of June 30, 2020.

For the year ended April 30, 2022, the City recognized a pension expense of $45,275 in its governmental activities related to its participation in FFRS.

At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,415	$ 27,784
Changes in Assumption	67,043	-
Net difference between projected and actual earnings on pension plan investments	-	187,757
Changes in proportion and differences between employer contributions and proportionate share of contributions	128,807	50,413
Employer contributions subsequent to the measurement date	71,912	-
	$ 272,177	$265,954

Deferred outflows of resources of $71,912 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2023	$ (7,282)
2024	(20,637)
2025	(20,782)
2026	(48,294)
2027	18,220
2028	13,086
	$ (65,689)

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a thirty-year time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from a number of investment consulting firms in addition to the System's investment consultant, NEPC, L.L.C. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years was performed. The results of these trials were organized into percentiles and a reasonable range equal to the 40th through 60th percentiles was set. For the fiscal year ended June 30, 2021, the reasonable range was set at 6.19% through 7.33% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2021. For the fiscal year ended June 30, 2020, the reasonable range was set at 5.99% through 7.06% and the Board of Trustees elected to set the System's assumed rate of return at 7.00% for Fiscal 2020. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 6.90% and 7.00% for fiscal years 2021 and 2020, respectively.

The remaining actuarial assumptions utilized for this report for fiscal year 2021 are based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. The assumptions in the report for fiscal year 2020 were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. Additional details are given in the actuary's complete Experience Reports for each period.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	Firefighters' Retirement System
Valuation Date	June 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial cost assumptions:	
Expected remaining service lives	7 years
Investment rate of return	6.90% per annum (net of investment expenses, including inflation)
Inflation rate	2.500% per annum
Projected salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments (COLAs)	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The investment rate of return was 6.90%, which was a .10% decrease from the rate used as of June 30, 2020.

The mortality rate assumptions were updated in fiscal year 2021 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2021. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2021.

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal years 2021 and 2020 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021, and June 30, 2020, are summarized in the following tables:

As of June 30, 2021:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	27.5%	5.86%
Non-U.S. Equity	11.5%	6.44%
Global Equity	10%	6.40%
Emerging Market Equity	7%	8.64%
Fixed Income		
U.S. Core Fixed Income	18%	0.97%
U.S. TIPS	3%	0.40%
Emerging Market Debt	5%	2.75%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0%	4.17%
Risk Parity	0%	4.17%
Alternatives:		
Private Equity	9%	9.53%
Real Estate	6%	5.31%
Real Assets	3%	***
	100%	

As of June 30, 2020:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rates of Return
Equity:		
U.S. Equity	26%	5.72%
Non-U.S. Equity	12%	6.24%
Global Equity	10%	6.23%
Emerging Market Equity	6%	8.61%
Fixed Income		
U.S. Core Fixed Income	26%	1.00%
Emerging Market Debt	5%	3.40%
Multi-Asset Strategies:		
Global Tactical Asset Allocation	0%	4.22%
Risk Parity	0%	4.22%
Alternatives:		
Real Estate	6%	4.20%
Private Equity	9%	10.29%
	100%	

The discount rate used to measure the total pension liability was 6.90%, which was a .10% decrease from the rate used as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these 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.

Sensitivity to Changes in Discount Rate: The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' 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 as of June 30, 2022.

	Changes in Discount Rate: Firefighters' Retirement System		
	1% Decrease 5.9%	Current Discount Rate 6.9%	1% Increase 7.9%
Net Pension Liability	$ 593,547	$ 309,392	$ 72,411

Support of Non-Employer Contributing Entities: Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The City recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended April 30, 2022, the City recognized revenue as a result of support received from the non-employer contributing entities of $24,941 for its participation in FFRS.

Payables to the Pension Plan: The City recorded accrued liabilities to FFRS for the year ended April 30, 2022 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to FFRS as of April 30, 2022 is $6,957.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the System available at www.lafirefightersret.com.

D. Louisiana State Employees' Retirement System (LASERS)

The Court's judge participates in the Louisiana State Employees' Retirement System (LASERS). LASERS is a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (LA R.S. 11:401) to provide retirement allowances and other benefits to eligible officers, employees, and their beneficiaries. The employer pensions schedules for the Louisiana State Employees' Retirement System are prepared using the accrual basis of accounting.

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

Retirement: The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of credible service, and at age 60 upon completing 10 years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

Deferred Retirement Benefits: The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if member does not cease employment after DROP participation.

Disability Benefits: Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching retirement age, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of the final average compensation if the injury was the result of an intentional act of violence.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor Benefits: Certain eligible surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased regular member hired before January 1, 2011 who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

The deceased regular member hired on or after January 1, 2011, must have a minimum of five years of service credit regardless of when earned in order for a benefit to be paid to a minor child. The aforementioned minimum service credit requirements for a surviving spouse are 10 years, 2 years being earned immediately prior to death, and active state service at the time of death, or a minimum of 20 years of service credit regardless of when earned. A deceased member's spouse must have been married for at least one year before death.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members final average compensation.

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments: As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions: The employer contribution rate is established annually under LRS 11:401-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarily-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The rates for the year ended June 30, 2021 for the various plans are as follows:

	Plan	Contributions
Plan	Status	Employer
Appellate Law Clerks	Closed	40.1%
Appellate Law Clerks hired on or after 7/01/06	Closed	40.1%
Alcohol Tobacco Control	Closed	38.1%
Bridge Police	Closed	38.5%
Bridge Police hired on or after 7/01/06	Closed	38.5%
Corrections Primary	Closed	38.7%
Corrections Secondary	Closed	43.0%
Harbor Police	Closed	12.1%
Hazardous Duty	Open	45.0%
Judges hired before 1/1/2011	Closed	42.5%
Judges hired after 12/31/2010	Closed	43.6%
Judges hired on or after 7/1/15	Open	43.6%
Legislators	Closed	36.5%
Optional Retirement Plan (ORP) before 7/01/06	Closed	40.1%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	40.1%
Peace Officers	Closed	40.9%
Regular Employees hired before 7/01/06	Closed	40.1%
Regular Employees hired on or after 7/01/06	Closed	40.1%
Regular Employees hired on or after 1/1/11	Closed	40.1%
Regular Employees hired on or after 7/1/15	Open	40.1%
Special Legislative Employees	Closed	38.5%
Wildlife Agents	Closed	50.5%
Aggregate Rate		40.6%

The agency's contractually required composite contribution rate for the plan year ended June 30, 2021 was 43.6% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At April 30, 2022, the City reported a liability of $54,544 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion was 0.000990%, which was a decrease of 0.000010% from its proportion measured as of June 30, 2020.

For the year ended April 30, 2022, the City recognized pension expense of $3,953 in its governmental activities related to its participation in LASERS.

At April 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to LASERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expenses	$ 54	$ -
Change of assumptions	1,336	-
Net differences between projected and actual earnings on pension plan investments	-	12,651
Change in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	7,592	-
Total	$ 8,982	$ 12,651

Deferred outflows of resources of $7,592 related to pension resulting from the City's contributions subsequent to the measurement date will be recognized as an adjustment to the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	
2023	$ (818)
2024	(1,960)
2025	(2,890)
2026	(5,593)
	$ (11,261)

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

Actuarial Assumptions: The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

	LASERS Retirement System
Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	2 years
Investment Rate of Return	7.4% per annum, net of investment expense
Inflation Rate	2.3% per annum
Mortality Rates	Non-disabled members - Mortality rates were based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018. Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members for 2019.
Salary Increases	Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	3.0%	12.8%
Judges	2.6%	5.1%
Corrections	3.6%	13.8%
Hazardous Duty	3.6%	13.8%
Wildlife	3.6%	13.8%

Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The investment rate of return used in the actuarial valuation for funding purposes was 7.75%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular pension plan benefits is 7.40%, which is the same as the discount rate and a .150% decrease from the rate used as of June 30, 2020. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.61% for 2021. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.29%
Domestic equity	4.09%
International equity	5.12%
Domestic fixed income	0.49%
International fixed income	3.94%
Alternative investments	6.93%
Total Fund	5.81%

The discount rate used to measure the total pension liability was 7.40%, which was a .150% decrease from the discount rate used as of 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 employer contributions from participating employers will be made at contractually required rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.40%, as well as what the Employer'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:

	Changes in Discount Rate: LASERS Retirement System		
	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
Net Pension Liability	$ 73,904	$ 54,544	$ 38,072

Payables to the Pension Plan: The City recorded accrued liabilities to LASERS for the year ended April 30, 2022 primarily due to the accrual for payroll at the end of the fiscal year. The balance due to PERS as of April 30, 2022 is $690.

Pension Plan Fiduciary Net Positions: Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2021 Comprehensive Annual Financial Report at www.lasersonline.org.

E. Aggregate Net Pension Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and Pension Expense

As detailed above, the City participates in four separate defined benefit pension plans. The aggregate amounts for the City's participation in Municipal Employees' Retirement System of Louisiana (MERS), Municipal, State Police Retirement System of Louisiana (MPERS), Firefighters' Retirement System (FFRS), and Louisiana State Employees' Retirement System (LASERS) are as follows:

Employer's Proportionate Share of Net Pension Liability:

	Governmental Activities	Business-Type Activities	Total
MERS	1,929,076	$ 539,461	$2,468,537
MPERS	667,219	-	667,219
FFRS	309,392	-	309,392
LASERS	54,544	-	54,544
Total	$ 2,960,231	$ 539,461	$3,499,692

Deferred Outflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	$ 504,900	$ 143,682	$ 648,582
MPERS	482,303	-	482,303
FFRS	272,177	-	272,177
LASERS	8,982	-	8,982
Total	$ 1,268,362	$ 143,682	$1,412,044

Deferred Inflows of Resources:

	Governmental Activities	Business-Type Activities	Total
MERS	$ 626,433	$ 175,473	$ 801,906
MPERS	434,695	-	434,695
FFRS	265,954	-	265,954
LASERS	12,651	-	12,651
Total	$ 1,339,733	$ 175,473	$1,515,206

Pension Expense:

	Governmental Activities	Business-Type Activities	Total
MERS	$ 340,440	$ 125,729	$ 466,169
MPERS	106,253	-	106,253
FFRS	45,275	-	45,275
LASERS	3,953	-	3,953
Total	$ 495,921	$ 125,729	$ 621,650

(14) On-Behalf Payments of Salaries

During the year ended April 30, 2022, the State of Louisiana paid the City's policemen and firemen $51,462 and $21,923, respectively, of supplemental pay, which is included in the accompanying financial statements as intergovernmental revenues and public safety expenses/expenditures.

(15) Compensation of City Officials

A detail of compensation paid to the City Council for the year ended April 30, 2022 follows:

	Salary	Expense Allowance	Total
Chuck Autin	$ 7,800	$ 1,800	$ 9,600
Joseph Garrison	7,800	1,800	9,600
Larry Guilbeau	7,800	1,800	9,600
Lester Levine	8,400	1,800	10,200
Jamie Robison	7,800	1,800	9,600
	$ 39,600	$ 9,000	$ 48,600

Act 706 of the 2014 Legislative Session amended RS 24:513A requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to a political subdivision head. For the year ended April 30, 2022, payments made to Mayor Eugene Foulcard requiring disclosure are as follows:

Salary	$ 60,000
Car allowance	5,400
Benefits-retirement	17,539
Benefits-health insurance	3,996
Expense allowance-unvouchered	3,000
Cell phone allowance	420
	$ 90,355

(16) Tax Abatements

The City is subject to certain property tax abatements granted by the Louisiana Board of Commerce and Industry ("LBCI"), a state entity governed by board members representing major economic groups and gubernatorial appointees. Abatements to which the City may be subject include those issued for property taxes under the Industrial Tax Exemption Program ("ITEP") and the Restoration Tax Abatement Program ("RTAP"). In addition, local governments have the authority to grant sales tax rebates to taxpayers pursuant to the Enterprise Zone Tax Rebate Program. For the year ended April 30, 2022, the city incurred abatements of ad valorem taxes through ITEP.

ITEP is authorized by Article 7, Section 21(F) of the Louisiana Constitution. Companies qualifying as manufacturers can apply to the LBCI for a property tax exemption on all new property, as defined, used in the manufacturing process. Under ITEP, companies are required to promise to expand or build manufacturing facilities in Louisiana, with a minimum investment of $5 million. The exemptions are granted for a 5-year term and are renewable for an additional 5-year term upon approval by LBCI. These state-granted abatements have resulted in reductions of property taxes, which the City administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. The local government may recapture abated taxes if a company fails to expand facilities or otherwise fails to fulfill its commitments under the agreement. For the year ended April 30, 2022, $45,796 in City ad valorem tax revenues were abated by the State of Louisiana through ITEP.

(17) New Accounting Pronouncements Scheduled to be Implemented

The following is a summary of accounting standards adopted by the Governmental Accounting Standards Board (GASB) that are scheduled to be implemented in the future that may affect the City's financial report:

GASB Statement No. 87, *Leases*. This standard will require all leases to be reported on the statement of net position under a single accounting model for both lessors and lessees. The statements will require the recognition of lease assets or liabilities for leases previously reported as operating leases. Both operating and capital leases will be reported under this single accounting method and reported by lessees as an intangible right to use an asset and by lessors as a receivable with both reporting a deferred inflow of resources. The standard is effective for annual reporting periods beginning after December 15, 2019. GASBS No. 95 postponed this statement by 18 months. All of the City's lease agreements will need to be evaluated to determine the impact of implementing this standard; however, the effect of this standard or its applicability to the City are unknown at this time.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP)*. This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The provisions of GASB Statement No. 94 are effective for fiscal years beginning after June 15, 2022. The effect of implementation on the City's financial statements has not yet been determined.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangement*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines as SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding an SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The provisions of GASB Statement No. 96 are effective for fiscal years beginning after June 15, 2022. The effect of implementation or its applicability on the City's financial statements has not yet been determined.

(18) Prior Period Adjustments

During the year ended April 30, 2022, the City made adjustments to correct accounting errors. Accumulated depreciation of governmental activities was overstated in the prior year resulting in a prior period adjustment of $146,688. Additionally, receivables were understated in the General Fund in the prior year resulting in a prior period adjustment of $373,824. Effects of the prior period adjustments on fund balance and net position previously reported are shown below:

	As Previously Reported	Adjustments	As Restated
Government-wide financial statements			
Governmental Activities	$ 10,486,458	$ 520,512	$ 11,006,970
Fund financial statements			
Governmental Funds			
General Fund	$ 535,276	$ 373,824	$ 909,100

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRANKLIN, LOUISIANA

Budgetary Comparison Schedule
General Fund
Year Ended April 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Taxes:				
Ad valorem	$ 551,500	$ 553,700	$ 553,741	$ 41
Sales	1,880,350	1,980,000	1,954,055	(25,945)
Franchise	365,000	365,000	404,860	39,860
	2,796,850	2,898,700	2,912,656	13,956
Licenses and permits	351,000	418,000	382,675	(35,325)
Intergovernmental:				
Video poker and gaming	192,000	220,000	247,256	27,256
Federal Government	550,000	1,435,000	1,573,856	138,856
State of Louisiana	823,000	1,220,000	1,037,528	(182,472)
St. Mary Parish Council	302,000	204,500	213,255	8,755
Franklin City Court	15,000	5,000	11,110	6,110
	1,882,000	3,084,500	3,083,005	(1,495)
Insurance rebates	50,000	120,000	120,130	130
Fines and forfeits	35,000	40,000	52,350	12,350
Rentals	18,000	21,000	16,593	(4,407)
Interest	1,500	200	1,252	1,052
Cemetery plot and mausoleum sales	80,000	130,000	118,750	(11,250)
Miscellaneous				
Donations	40,000	73,000	66,975	(6,025)
Other sources	38,200	48,850	81,757	32,907
	78,200	121,850	148,732	26,882
Total revenues	5,292,550	6,834,250	6,836,143	1,893

(continued)

CITY OF FRANKLIN, LOUISIANA

Budgetary Comparison Schedule
General Fund (continued)
Year Ended April 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
General Government -				
Administrative	399,030	495,100	488,118	6,982
Judicial	528,800	722,400	735,700	(13,300)
Public Safety -				
Police	1,179,270	1,396,800	1,488,324	(91,524)
Fire	693,940	743,200	795,936	(52,736)
Public works -				
Streets and drainage	668,300	716,500	691,267	25,233
Other funding	196,480	258,745	264,836	(6,091)
Recreation	243,480	282,000	296,273	(14,273)
Community development	77,250	53,500	70,092	(16,592)
Debt service-				
Principal	121,000	182,000	127,001	54,999
Interest and fiscal charges	35,000	47,000	49,208	(2,208)
Capital Outlay				
Administrative	-	4,000	-	4,000
Fire	-	30,000	64,971	(34,971)
Recreation	300,000	18,000	-	18,000
Community development	-	4,420	-	4,420
Total expenditures	4,442,550	4,953,665	5,071,726	(118,061)
Excess (deficiency) of revenues over expenditures	850,000	1,880,585	1,764,417	(116,168)
Other financing sources (uses):				
Proceeds from sale of assets	30,000	6,500	-	(6,500)
Transfers out	(880,000)	(1,887,085)	(1,750,959)	136,126
Total other financing sources (uses)	(850,000)	(1,880,585)	(1,750,959)	129,626
Net change in fund balance	-	-	13,458	13,458
Fund balance, beginning, as restated	909,100	909,100	909,100	-
Fund balance, ending	$ 909,100	$ 909,100	$ 922,558	$ 13,458

See notes to required supplementary information.

CITY OF FRANKLIN, LOUISIANA

Budgetary Comparison Schedule
Liquid and Solid Waste Fund
Year Ended April 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes				
Ad valorem	$ 235,000	$ 230,000	$ 227,664	$ (2,336)
Sales	960,000	1,115,000	1,110,039	(4,961)
Sewer service charges	226,000	185,000	185,806	806
Sanitation service charges	710,000	632,000	622,602	(9,398)
Intergovernmental	185,000	190,000	176,859	(13,141)
Interest earned	100	20	5	(15)
Miscellaneous	-	-	859	859
Total revenues	2,316,100	2,352,020	2,323,834	(28,186)
Expenditures:				
Sanitation -				
Administrative	$ 368,035	$ 417,890	$ 405,455	$ 12,435
Meter department	116,620	100,900	113,160	(12,260)
Sewer collection	315,100	373,700	375,621	(1,921)
Sewer plant	439,100	600,700	607,181	(6,481)
Solid waste	640,000	655,000	672,085	(17,085)
Debt service-				
Principal retirement	98,000	54,000	54,000	-
Interest and fiscal charges	32,000	10,000	12,572	(2,572)
Capital outlay	-	2,000	-	2,000
Total expenditures	2,008,855	2,214,190	2,240,074	(25,884)
Excess of revenues over expenditures	307,245	137,830	83,760	(54,070)
Other financing sources (uses):				
Operating transfers out	(6,000)	(6,000)	(31,500)	(25,500)
Net change in fund balance	301,245	131,830	52,260	(79,570)
Fund balance, beginning	2,833,620	2,833,620	2,833,620	-
Fund balance, ending	$ 3,134,865	$ 2,965,450	$ 2,885,880	$ (79,570)

See notes to required supplementary information.

CITY OF FRANKLIN, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
Year Ended April 30, 2022

Plan Year ended June 30,	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Municipal Employees' Retirement System					
2015	0.883401%	3,155,647	1,497,323	210.8%	66.18%
2016	0.826225%	3,386,457	1,478,889	229.0%	62.11%
2017	0.701866%	2,936,201	1,274,736	230.3%	62.49%
2018	0.727959%	3,014,244	1,326,141	227.3%	63.94%
2019	0.828828%	3,463,392	1,526,023	227.0%	64.68%
2020	0.915050%	3,956,135	1,741,192	227.2%	64.52%
2021	0.887483%	2,468,537	1,752,609	140.8%	77.82%
Municipal Police Employees' Retirement System					
2015	0.109510%	857,896	280,975	305.3%	70.73%
2016	0.119337%	1,118,524	326,744	342.3%	66.04%
2017	0.093529%	816,548	248,195	329.0%	66.04%
2018	0.105378%	890,872	284,374	313.3%	71.89%
2019	0.101163%	918,729	343,863	267.2%	71.01%
2020	0.081862%	756,596	264,888	285.6%	70.94%
2021	0.125169%	667,219	381,866	174.7%	84.09%
Firefighters' Retirement System					
2015	0.057994%	313,000	114,242	274.0%	72.45%
2016	0.074360%	486,382	169,997	286.1%	68.16%
2017	0.061138%	350,434	139,455	251.3%	73.55%
2018	0.081638%	469,588	171,193	274.3%	74.76%
2019	0.072603%	454,633	175,470	259.1%	73.96%
2020	0.077073%	534,235	191,880	278.4%	72.61%
2021	0.087304%	309,392	218,983	141.3%	86.78%
Louisiana State Employees' Retirement System					
2015	0.001220%	83,114	21,952	378.6%	62.66%
2016	0.001050%	82,452	22,374	368.5%	57.73%
2017	0.001080%	75,949	20,854	364.2%	62.54%
2018	0.001020%	69,836	20,854	334.9%	64.30%
2019	0.001000%	72,377	20,854	347.1%	62.90%
2020	0.001000%	82,541	20,854	395.8%	58.00%
2021	0.000990%	54,544	20,854	261.6%	72.80%

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

See notes to required supplementary information.

CITY OF FRANKLIN, LOUISIANA

Schedule of Employer Contributions
Year Ended April 30, 2022

Fiscal Year ended April 30,	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Municipal Employees' Retirement System					
2016	$ 285,688	$ 286,869	(1,181)	$ 1,446,519	19.83%
2017	$ 290,697	$ 289,495	1,202	$ 1,306,502	22.16%
2018	$ 316,325	$ 316,125	200	$ 1,295,530	24.40%
2019	$ 385,245	$ 378,977	6,268	$ 1,469,933	25.78%
2020	$ 489,068	$ 489,068	-	$ 1,782,117	27.44%
2021	$ 510,557	$ 510,557	-	$ 1,746,814	29.23%
2022	$ 518,422	$ 518,422	-	$ 1,800,808	28.79%
Municipal Police Employees' Retirement System					
2016	$ 78,612	$ 86,433	(7,821)	$ 263,503	32.80%
2017	$ 97,271	$ 96,746	525	$ 310,028	31.21%
2018	$ 80,617	$ 80,587	30	$ 260,755	30.91%
2019	$ 103,731	$ 103,681	50	$ 324,160	31.98%
2020	$ 86,716	$ 86,716	-	$ 267,254	32.45%
2021	$ 120,950	$ 120,950	-	$ 360,235	33.58%
2022	$ 128,880	$ 128,880	-	$ 508,936	25.32%
Firefighters' Retirement System					
2016	$ 39,904	$ 39,619	285	$ 144,666	27.39%
2017	$ 38,400	$ 38,603	(203)	$ 150,096	25.72%
2018	$ 51,072	$ 51,128	(56)	$ 194,251	26.32%
2019	$ 43,843	$ 43,843	-	$ 165,447	26.50%
2020	$ 55,082	$ 55,082	-	$ 200,206	27.51%
2021	$ 68,126	$ 68,126	-	$ 215,382	31.63%
2022	$ 70,622	$ 70,622	-	$ 246,337	28.67%
Louisiana State Employees' Retirement System					
2016	$ 8,431	$ 8,439	(8)	$ 21,740	38.82%
2017	$ 7,744	$ 7,758	(14)	$ 20,854	37.20%
2018	$ 8,157	$ 8,142	15	$ 20,854	39.04%
2019	$ 8,154	$ 8,157	(3)	$ 20,854	39.11%
2020	$ 8,927	$ 8,927	-	$ 21,656	41.22%
2021	$ 9,041	$ 9,041	-	$ 20,854	43.35%
2022	$ 8,277	$ 8,277	-	$ 20,854	39.69%

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

Notes to Required Supplementary Information
Year Ended April 30, 2022

(1) Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Mayor and the City Council.

(2) Budgets and Budgetary Reporting

The City follows these procedures in establishing budgetary data:

1. The City's chief administrative officer prepares a proposed budget for the general and special revenue funds and submits them to the Mayor and City Council.

2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.

5. Budgetary amendments involving the transfers of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

6. All budgetary appropriations lapse at the end of each fiscal year.

(3) Expenditures in Excess of Appropriations

Actual expenditures exceeded budgeted appropriations in the General Fund and the Liquid and Solid Fund by $118,061 and $25,884, respectively.

(4) Retirement Systems

Municipal Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	7.500%	7.500%	2.875%	3	5.0%
2017	7.500%	7.500%	2.875%	3	5.0%
2018	7.400%	7.400%	2.775%	3	5.0%
2019	7.275%	7.275%	2.600%	3	5.0%
2020	7.000%	7.000%	2.500%	3	4.5% - 6.5%
2021	6.950%	6.950%	2.500%	3	4.5% - 6.4%
2022	6.850%	6.850%	2.500%	3	4.5% - 6.4%

Municipal Police Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2017	7.500%	7.500%	2.875%	4	4.25% - 9.75%
2018	7.325%	7.325%	2.700%	4	4.25% - 9.75%
2019	7.200%	7.200%	2.600%	4	4.25% - 9.75%
2020	7.125%	7.125%	2.500%	4	4.25% - 9.75%
2021	6.950%	6.950%	2.500%	4	4.70% - 12.30%
2022	6.750%	6.750%	2.500%	4	4.70% - 12.30%

CITY OF FRANKLIN, LOUISIANA

Notes to Required Supplementary Information (continued)
Year Ended April 30, 2022

Firefighters' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2017	7.500%	7.500%	2.875%	7	4.75% - 15.0%
2018	7.400%	7.400%	2.775%	7	4.75% - 15.0%
2019	7.300%	7.300%	2.700%	7	4.75% - 15.0%
2020	7.150%	7.150%	2.500%	7	4.5% - 14.75%
2021	7.000%	7.000%	2.500%	7	5.20% - 14.10%
2022	6.900%	6.900%	2.500%	7	5.20% - 14.10%

Louisiana State Employees' Retirement System

Changes of benefit terms – There were no changes of benefit terms.

Changes of assumptions –

Fiscal Year ended April 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2016	7.750%	7.750%	3.000%	3	3.0% - 5.5%
2017	7.750%	7.750%	3.000%	3	3.0% - 5.5%
2018	7.700%	7.700%	2.750%	3	2.8% - 5.3%
2019	7.650%	7.650%	2.750%	3	2.8% - 5.3%
2020	7.600%	7.600%	2.500%	2	2.8% - 5.3%
2021	7.550%	7.550%	2.300%	2	2.6% - 5.1%
2022	7.400%	7.400%	2.300%	2	2.6% - 5.1%

OTHER SUPPLEMENTARY INFORMATION

CITY OF FRANKLIN, LOUISIANA

Justice System Funding Schedule - Receiving Entity
Year Ended April 30, 2022

	First Six Month Period Ended 10/31/2021	Second Six Month Period Ended 4/30/2022
Receipts From:		
City Court of Franklin - Criminal Fines	$ 15,305	$ 17,630
City Court of Franklin - Criminal Fees - Other	-	11,110
Total Receipts	$ 15,305	$ 28,740

CITY OF FRANKLIN, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds
April 30, 2022

	Special Revenue		Debt Service	
	Summer Feeding Program Fund	Narcotic Aid Fund	Equipment Lease Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash	$ 8,253	$ 14,005	$ 18,518	$ 40,776
FUND BALANCES				
Restricted	$ 8,253	$ 14,005	$ 18,518	$ 40,776

CITY OF FRANKLIN, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended April 30, 2022

	Special Revenue		Debt Service	
	Summer Feeding Program Fund	Narcotic Aid Fund	Equipment Lease Fund	Total Nonmajor Governmental Funds
Revenues:				
Intergovernmental	$ 40,428	$ -	$ -	$ 40,428
Fees, commissions, and charges for services	-	7,158	-	7,158
Interest Income	-	1	5	6
Total revenues	40,428	7,159	5	47,592
Expenditures:				
Public safety:				
Police	-	7,505	-	7,505
Food Services	40,820	-	-	40,820
Debt Service -				
Principal	-	-	125,114	125,114
Interest and fiscal charges	-	-	38,294	38,294
Total expenditures	40,820	7,505	163,408	211,733
Excess (deficiency) of revenues over expenditures	(392)	(346)	(163,403)	(164,141)
Other financing sources:				
Operating transfers in	-	-	164,400	164,400
Net change in fund balances	(392)	(346)	997	259
Fund balances, beginning	8,645	14,351	17,521	40,517
Fund balances, ending	$ 8,253	$ 14,005	$ 18,518	$ 40,776

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS

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

The Honorable Eugene Foulcard, Mayor
And the Honorable Members of the City Council
City of Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Franklin (hereinafter “City”), as of and for the year ended April 30, 2022, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated September 28, 2022. Our report expressed an adverse opinion on the aggregate discretely presented component units because the financial statements of the City’s primary government do not include financial data for the City’s legally separate component units.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under 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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 28, 2022

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS FOR AN ALTERNATIVE COMPLIANCE EXAMINATION FOR RECIPIENTS OF CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS AND INTERNAL CONTROL OVER THE SPECIFIED REQUIREMENTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Eugene Foulcard, Mayor
And the Honorable Members of the City Council
City of Franklin

We have examined the City of Franklin, Louisiana's (hereinafter "City") compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2021 OMB *Compliance Supplement*, including Addendum 1 and Addendum 2 (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended April 30, 2022. Management of the City is responsible for the City's compliance with the specified requirements. Our responsibility is to express an opinion on City's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the City's compliance with the specified requirements.

In our opinion, the City complied, in all material respects, with the specified requirements referenced above during the year ended April 30, 2022.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the City's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the City's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the City complied, in all material respects with the specified requirements referenced above during the year ended April 30, 2022. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 28, 2022

CITY OF FRANKLIN, LOUISIANA

Summary Schedule of Prior Audit Findings
Year Ended April 30, 2022

A. Internal Control -

No findings were reported under this section.

B. Compliance -

2021-001 –Local Government Budget Act:

CONDITION: Revenues in the Liquid and Solid Waste Fund failed to meet budgeted revenues by greater than five percent.

CURRENT STATUS: This condition did not reoccur.

C. OMB Uniform Guidance –

Not applicable in the prior period.

D. Management Letter –

No management letter was issued in the prior period.

CITY OF FRANKLIN, LOUISIANA

Schedule of Audit Results and Findings
Year Ended April 30, 2022

Part I. Summary of Audit/Examination Results

Financial Statements

1. Type of auditor's report issued on the financial statements:

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Major Funds:	
General	Unmodified
Liquid and Solid Waste	Unmodified
Capital Outlay	Unmodified
Water	Unmodified
Aggregate remaining fund information	Unmodified
Aggregate discretely presented component units	Adverse

2. Internal control over financial reporting:

Material weakness(es) identified	____ yes	✓ no
Significant deficiency(ies) identified	____ yes	✓ none reported

3. Noncompliance material to the financial statements? ____ yes ✓ no

Alternative Compliance Examination

4. Program and type of opinion issued:

Assistance Listing Number	Name of Program	Type of Opinion
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified

5. Internal control over the specified requirements:

Material weakness(es) identified?	____ yes	✓ no
Significant deficiency(ies) identified?	____ yes	✓ none reported

Other

6. Management letter issued? ____ yes ✓ no

Part II. Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control-

None

B. Compliance-

None

CITY OF FRANKLIN, LOUISIANA

Schedule of Audit Results and Findings
Year Ended April 30, 2022

Part III. Findings and questioned costs reported in accordance with Uniform Guidance:

The requirements of the Uniform Guidance are not applicable.

Part IV. Findings reported in accordance with the requirements for an alternative compliance examination:

A. Compliance with Specified Requirements-

None

B. Internal Control over Compliance with Specified Requirements-

None

CORRECTIVE ACTION PLAN FOR CURRENT AUDIT FINDINGS

APPENDIX A

There are no items requiring corrective action

CITY OF FRANKLIN

Statewide Agreed-Upon Procedures

Fiscal period May 1, 2021 through April 30, 2022

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Eugene Foulcard, Mayor,
The Honorable Members of the City Council of the City of Franklin, and
Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period May 1, 2021 through April 30, 2022. The City of Franklin's (hereinafter "City") management is responsible for those control and compliance areas identified in the SAUPs.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the control and compliance areas identified in LLA's SAUPs and report on exceptions based upon the procedures performed for the fiscal period May 1, 2021 through April 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated exceptions, if any, are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

      Written policies and procedures were obtained and address the subcategories noted above.

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

      Written policies and procedures were obtained and address the subcategories noted above with the exception of (2) how vendors are added to the vendor list, (4) controls to ensure compliance with the public bid law and (5) documentation required to be maintained for all bids and price quotes.

c) ***Disbursements***, including processing, reviewing, and approving.

Written policies and procedures were obtained and address the subcategories noted above.

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures were obtained and address the subcategories noted above.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employees(s) rate of pay or approval and maintenance of pay rate schedules.

Written policies and procedures were obtained and address the subcategories noted above.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The City does not have written policies and procedures for Contracting.

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases.

Written policies and procedures were obtained and address subcategories noted above with the exception of (4) required approvers of statements; however, policies and procedures have not been formally adopted by the council.

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures were obtained and address the subcategories noted above, with the exception of (2) dollar threshold by category of expense and (4) required approvers. However, the City's policy states that per diem payment is provided in accordance with GSA rates for meals and mileage reimbursements are based on IRS code regulations.

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Written policies and procedures were obtained but addresses only subcategory (2) actions to be taken if an ethics violation takes place.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained but do not address the subcategories noted above.

k) ***Information Technology Disaster Recovery/Business Continuity,*** including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

l) ***Sexual Harassment,*** including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Written policies and procedures were obtained and address the subcategories noted above with the exception of (2) annual employee training and (3) annual reporting.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

   a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

   No exceptions were found as a result of this procedure.

   b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

   Board minutes did not reference or include monthly budget-to-actual comparisons.

   c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in *the general fund.*

   Obtained the prior year audit report and observed the unassigned fund balance in the general fund which was not negative.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were found as a result of this procedure.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Collections (excluding EFTs)

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

   Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Selected the City's one (1) deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   a) Employees that are responsible for cash collections do not share cash drawers/registers.

   No exceptions were found as a result of this procedure.

   b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

   No exceptions were found as a result of this procedure.

   c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

   No exceptions were found as a result of this procedure.

   d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

   No exceptions were found as a result of this procedure.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

   No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   a) Observe that receipts are sequentially pre-numbered.

      No exceptions were found as a result of this procedure.

   b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

      One (1) of the deposits selected did not reconcile to the collection documentation total.

   c) Trace the deposit slip total to the actual deposit per the bank statement.

      No exceptions were found as a result of this procedure.

   d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

      Five (5) of the deposits selected were not made within one business day of receipt at the collection location.

   e) Trace the actual deposit per the bank statement to the general ledger.

      No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected the City's one (1) location that processes payments.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

   Obtained a listing of those employees involved with non-payroll purchasing and payment functions and inquired of employees about their job duties.

   a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

      In accordance with the City's policies and procedures, two (2) employees are involved in initiating a purchase request, approving a purchase and placing an order/making a purchase unless the transaction is routine/recurring.

   b) At least two employees are involved in processing and approving payments to vendors.

      No exceptions were found as a result of this procedure.

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions were found as a result of this procedure.

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

The person responsible for processing payments is also responsible for mailing checks.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.)]

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Obtained the City's non-payroll disbursement transaction population and management's representation that the population is complete. Randomly selected five (5) disbursements for the City's one (1) location that processes payments.

a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions were found as a result of this procedure.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

The five (5) disbursements selected did not evidence that two or more employees were involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase in accordance with the City's policies regarding routine/recurring disbursements.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

Obtained listing of all active credit cards, bank debit cards, fuel cards, and P-cards, including the card numbers from management, the names of the persons who maintained possession of the cards, and management's representation that the listing is complete.

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

Selected the City's one (1) card.

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

There was no evidence that the statement was reviewed and approved.

b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Supporting documentation could not be obtained for one (1) of the ten (10) transactions selected. Further, one (1) of the ten (10) transactions was not supported by an original receipt and documentation for two (2) transactions did not include the business/public purpose.

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

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

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions were found as a result of this procedure.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

No contracts selected were subject to requirements of the Louisiana Public Bid Law.

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions were found as a result of this procedure.

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

There were no amendments to the selected contracts.

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

No exceptions were found as a result of this procedure.

Payroll and Personnel

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

Obtained listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected five (5) employees or officials and agreed paid salaries to authorized salaries/pay rates in personnel files with no exceptions.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions were found as a result of this procedure.

b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

No exceptions were found as a result of this procedure.

c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

    Obtained management's representation that there were no termination payments during the fiscal period.

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

    Obtained management's representation that all amounts have been paid, and any associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

    a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

       No exceptions were found as a result of this procedure.

    b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

       Not applicable- There were no changes to the City's ethics policy during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

    No bonds/notes issued during the fiscal period.

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

    No exceptions found as a result of this procedure.

Fraud Notice

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

    Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal period.

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

    No exceptions were found as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

    a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

       We performed the procedure and discussed the results with management.

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

       We performed the procedure and discussed the results with management.

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

       We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under 'Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

    No exceptions were found as a result of this procedure.

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

    The City has posted a link to its sexual harassment policy and complaint procedure on its website; however, the link is inactive.

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

    The City's annual sexual harassment report does not contain a preparation date on or before February 1.

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

       No exceptions were found as a result of this procedure.

    b. Number of sexual harassment complaints received by the agency;

       No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

e. Amount of time it took to resolve each complaint.

No exceptions were found as a result of this procedure.

Management's Response

The City concurs with the exceptions and is working to address the deficiencies identified.

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

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Morgan City, Louisiana
September 28, 2022