

**TOWN OF FORDOCHE, LOUISIANA**

**FINANCIAL STATEMENTS**

December 31, 2021

# TOWN OF FORDOCHE, LOUISIANA

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **TOWN OF FORDOCHE, LOUISIANA (TOWN)** as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 the management's discussion and analysis, and budgetary comparison and pension plan information on pages 4 through 12 and Exhibits B through B-4 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency

with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Supplementary Information**

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

### **Other Reporting Required by Government Audit Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022, on our consideration of the Town of Fordoche, Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town’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 Town’s internal control over financial reporting and compliance.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
June 14, 2022

# **TOWN OF FORDOCHE, LOUISIANA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our analysis of The Town of Fordoche's (Town) financial performance provides an overview of the Town's financial activities for the year ended December 31, 2021. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. This MD&A should be read in conjunction with the financial statements which begin on Exhibit A.

### **FINANCIAL HIGHLIGHTS**

In 2021, the Town of Fordoche experienced a increase in governmental revenues by \$85,000 or 37% relative to the prior year, while governmental expenses increased by \$88,000, or 39%, compared to the prior year. The utility fund revenues increased \$12,000 or 8% from the prior year.

The major financial highlights for 2021 are as follows:

#### **Government-wide financial statements**

- Assets and deferred outflows of resources of the Town's primary government exceeded its liabilities and deferred inflows of resources at the close of the year by \$1.96 million (net position). Of this amount, \$370,581 (unrestricted net position) may be used without restrictions to meet the Town's ongoing obligations to citizens.
- The primary government's total net position increased by \$44,059 during 2021.
- Governmental activities' net position increased by \$31,947.
- Business-type activities' net position decreased by \$12,112.

#### **General Fund financial statements**

- As of the end of the year, governmental funds reported a fund balance of \$342,853, a increase of \$47,833 in comparison to the prior year. Approximately 98% of the fund balance (\$335,035) is unassigned for purposes of meeting the government's ongoing obligations to citizens and creditors and to be used in future operations and acquisitions of new capital assets that will improve the operations of the Town.

Significant aspects of the Town's financial well being, as of and for the year ended December 31, 2021, are detailed throughout this analysis.

### **USING THIS ANNUAL REPORT**

The Town's financial statements focus on the government as a whole and on major individual funds. Both government-wide and fund perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Town's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 and 14) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

Fund financial statements start on page 15. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

The Town's auditor has provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly presented in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

### **Reporting on the Town as a Whole**

The financial statements of the Town as a whole begin on page 13. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and its activities in a way to determine if the Town is in better condition, compared to the prior year. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Town's net position and related changes. The Town's financial health, or financial position, can be measured by its net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Town's operations are divided into two kinds of activities:

**Governmental activities** - Most of the Town's basic services are reported here, including public safety, highway and streets, culture and recreation, and general administration. Property, sales, and video poker taxes, franchise fees and fines finance most of these activities.

**Business-type activities** - The Town charges a fee to customers to fund the cost of the water services it provides.

At December 31, 2021, the Town's net position was \$1.96 million, of which \$370,581 is unrestricted and \$1.59 million was invested in capital assets. Restricted net position is reported separately to show legal constraints from legislation that limits the Town's ability to use that net position for day-to-day operations. There is no restricted net position as of December 31, 2021.

The analysis of the primary government focuses on the net position and change in net position of the Town's governmental activities and business-type activities is as follows:

Town of Fordoche, Louisiana  
Statements of Net Position  
December 31, 2021 and 2020  
(in thousands)

	Governmental Activities, restated		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 502	\$ 314	\$ 128	\$ 160	\$ 630	\$ 474
Capital assets	855	832	733	765	1,588	1,597
Total assets	1,357	1,146	861	925	2,218	2,071
Deferred outflows of resources	4	1	5	14	9	15
Total assets & deferred outflows of resources	<u>\$ 1,361</u>	<u>\$ 1,147</u>	<u>\$ 866</u>	<u>\$ 939</u>	<u>\$ 2,227</u>	<u>\$ 2,086</u>
Current and other liabilities	\$ 157	\$ 1	\$ 39	\$ 58	\$ 196	\$ 59
Long-term liabilities	25	7	30	104	55	111
Total liabilities	<u>182</u>	<u>8</u>	<u>69</u>	<u>162</u>	<u>251</u>	<u>170</u>
Deferred inflows of resources	8	-	9	1	17	1
Net position:						
Net investment in capital assets	855	832	733	765	1,588	1,597
Unrestricted	316	307	55	11	371	318
Total net position	<u>1,171</u>	<u>1,139</u>	<u>788</u>	<u>776</u>	<u>1,959</u>	<u>1,915</u>
Total liabilities, deferred inflows of resources, and net position, restated	<u>\$ 1,361</u>	<u>\$ 1,147</u>	<u>\$ 866</u>	<u>\$ 939</u>	<u>\$ 2,227</u>	<u>\$ 2,086</u>

Net position of the Town's governmental activities increased by 3% or \$32,000 during 2021. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by legislation or other legal requirements. The \$316,000 in unrestricted net position of governmental activities represents the cumulative results of operations since the Town's inception.

The changes in net position are discussed later in this analysis. The net position of the Town's business activities increased by 2% or \$12,000 during 2021. The Town operates water services for its citizens.

The results of 2021 and 2020 operations for the primary government as reported in the Statement of Activities, are as follows:

Town of Fordoche  
Statements of Activities  
For the years ended December 31, 2021 and 2020  
(in thousands)

	Governmental Activities, restated		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program:						
Charges for services	\$ 67	\$ 58	\$ 137	\$ 126	\$ 204	\$ 184
Operating grants	5	-	-	-	5	-
Capital grants	39	16	-	-	39	16
General:						
Sales taxes	119	95	-	-	119	95
Video poker taxes	29	12	-	-	29	12
Franchise taxes	25	24	-	-	25	24
Ad valorem taxes	54	52	-	-	54	52
Other	5	1	1	-	6	1
Total revenues	<u>343</u>	<u>258</u>	<u>138</u>	<u>126</u>	<u>481</u>	<u>384</u>
Functions/Program Expenses:						
General government	151	98	-	-	151	98
Public safety	58	35	-	-	58	35
Highway and streets	49	43	-	-	49	43
Health and welfare	1	-	-	-	1	-
Culture and recreation	52	47	-	-	52	47
Utility operations	-	-	126	157	126	157
Total expenses	<u>311</u>	<u>223</u>	<u>126</u>	<u>157</u>	<u>437</u>	<u>380</u>
Change in net position	32	35	12	(31)	44	4
Beginning net position, restated	<u>1,139</u>	<u>1,104</u>	<u>776</u>	<u>807</u>	<u>1,915</u>	<u>1,911</u>
Ending net position	<u>\$ 1,171</u>	<u>\$ 1,139</u>	<u>\$ 788</u>	<u>\$ 776</u>	<u>\$ 1,959</u>	<u>\$ 1,915</u>

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The focus is on major funds, rather than generic fund types.

## **Reporting the Town's Most Significant Funds**

The analysis of the Town's major funds begins on page 15 with the fund financial statements that provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council establishes other funds to control and manage money for particular purposes or meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds—governmental and proprietary—use different accounting approaches.

**Governmental funds**—Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Most of the Town's basic services are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund, the General Fund, is described in a reconciliation to the financial statements. The governmental major fund (Exhibits A-2 and A-4) presentation is presented using modified accrual basis and focuses on the major funds of the Town. The Town's only governmental fund is the General Fund.

**Proprietary funds** - When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund (Public Utility Fund) is the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are a required part of the basic financial statements and can be found in Exhibit A-9.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Town's budgetary funds.

**Financial Analysis of the Government's Funds**

The general government operations of the Town are accounted for in the General Fund. The focus of this fund, as noted earlier, is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. The following is a summary of general governmental operations for 2021 and 2020:

	General Fund	
	2021	2020, restated
	(in thousands)	
Revenues and other financing sources, restated	\$ 351	\$ 243
Expenditures and other financing uses	303	200
Net change in fund balance	48	43
Fund balance - beginning, restated	295	252
Fund balance - ending	\$ 343	\$ 295

The Town's General Fund experienced a increase in fund balance of \$48,000 during 2021 that primarily resulted from increase in tax revenues compared to the prior year. At year end, the fund's balance was \$342,853, of which \$335,035 was unassigned and available for utilization at the Town's discretion.

General Fund revenues, excluding other financing sources, are summarized below:

	2021		2020	
	(In thousands)			
Taxes	\$ 228	66%	\$ 172	71%
Fines	27	8%	24	10%
Licenses and permits	25	7%	25	10%
Intergovernmental	52	15%	12	5%
Other	14	4%	10	4%
Total, restated	\$ 346	100%	\$ 243	100%

Revenues of the General Fund for 2021 totaled approximately \$346,000, representing a increase of 42% from the previous year due to a \$56,000 increase in tax revenues.

As noted on the previous page, the Town's activities are largely supported by fines and taxes, which represented 74% of total governmental resources during 2021.

Expenditures of the primary government increased by \$103,000 or 52% in 2020, primarily related to increases in general government (\$28,000), capital outlay (\$55,000), and public safety (\$19,000) expenditures. Governmental expenditures by functions are summarized as follows:

<u>Function</u>	2021		2020	
	(In thousands)			
General government	\$ 123	41%	\$ 95	48%
Capital outlay	70	25%	25	10%
Public safety	50	17%	31	16%
Highways and streets	37	12%	33	17%
Culture and recreation	22	7%	15	9%
Health and welfare	1	0%	1	0%
Total	<u>\$ 303</u>	<u>100%</u>	<u>\$ 200</u>	<u>100%</u>

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Town's General Fund budget was amended, which is a customary practice of the Town, for changes that occur with financial matters. The most significant changes during 2021 were as follows:

- An increase in sales tax revenue of \$40,000,
- A decrease in charges for services revenues of \$28,000,
- A decrease in highways and streets expenses of \$21,471.
- An increase in capital outlay expenses of \$25,100,

With these adjustments, revenues were \$103,953 less than the related final budget amounts of \$450,154, and charges to appropriations (expenditures) were \$21,348 less than the related final budget appropriation of \$385,629.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2021, the Town had \$1.59 million invested in a broad range of capital assets, including vehicles, computer equipment, office furniture, land, buildings, water and gas distribution systems, and a sewer treatment facility.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
	(in thousands)					
Land	\$ 61	\$ 61	\$ 10	\$ 10	\$ 71	\$ 71
Buildings	676	678	-	-	676	678
Vehicles	39	3	-	-	39	3
Machinery and equipment	62	77	6	6	68	83
Furniture and equipment	17	13	-	-	17	13
Water systems	-	-	718	749	718	749
Capital assets, net of depreciation	\$ 855	\$ 832	\$ 734	\$ 765	\$ 1,589	\$ 1,597

The Town elected to capitalize infrastructure assets on a prospective basis as a Phase 3 government, which is permitted by GASB No. 34. More detailed information about the Town's capital assets is presented in Note 6 to the financial statements.

### Long-term Debt

At the end of 2021, the Town had \$54,949 in long-term debt obligations, all which are related to net pension liability. This represents a decrease of \$30,314 from the end of 2020.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's elected and appointed officials considered many factors when setting the 2021 budget and tax rates. One of those factors is the local economy, with the major economic industries in the surrounding area being agriculture and manufacturing.

An important factor affecting the budget is the Town's taxes and fines and forfeitures revenues which approximate 70% of budgeted revenue in the General Fund. The Town budgeted a decrease in revenue of \$44,700 in the General Fund compared to results for the current year. Additionally, the Town is projecting an increase in expenditures of \$8,000 compared to the current year relating to a increase in capital outlay expenditures in the General Fund. If these estimates are realized during 2022, the Town's General Fund balance will decrease by \$9,500 compared to an increase of \$33,700 during 2021.

### **Contacting the Town's Financial Management**

This financial report is designed to provide the citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show accountability for the money the Town receives. Questions about this report or a need for additional financial information should be directed to the Town's Finance Office at (225) 637-3112 or P.O. Box 10, Fordoche, LA 70732.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF FORDOCHE, LOUISIANA**  
**STATEMENT OF NET POSITION**

December 31, 2021

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 196,571	\$ 136,029	\$ 332,600
Restricted cash:			
Grant advances	154,400	-	154,400
Customer utility deposits	-	20,819	20,819
Accounts receivable, net	6,123	6,875	12,998
Due from other governments	97,032	-	97,032
Internal balances	40,059	(40,059)	-
Prepaid assets	7,818	4,521	12,339
Capital assets:			
Nondepreciable	61,450	9,950	71,400
Depreciable, net	793,496	723,492	1,516,988
Total assets	1,356,949	861,627	2,218,576
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension liability	3,819	4,667	8,486
Total assets and deferred outflows of resources	\$ 1,360,768	\$ 866,294	\$ 2,227,062
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 2,223	\$ 12,097	\$ 14,320
Due to other governments	720	-	720
Unearned revenue - grant advances	154,400	5,769	160,169
Customer utility deposits	-	20,819	20,819
Long-term payables:			
Net pension liability	24,727	30,222	54,949
Total liabilities	182,070	68,907	250,977
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension liability	7,702	9,414	17,116
Total liabilities and deferred inflows of resources	189,772	78,321	268,093
<b>NET POSITION</b>			
Investment in capital assets	854,946	733,442	1,588,388
Unrestricted	316,050	54,531	370,581
Total net position	1,170,996	787,973	1,958,969
Total liabilities, deferred inflows of resources, and net position	\$ 1,360,768	\$ 866,294	\$ 2,227,062

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF FORDOCHE, LOUISIANA**  
**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2021

	Program Revenues				Net Revenue (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>							
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 150,766	\$ 26,739	\$ -	\$ -	\$ (124,027)	\$ -	\$ (124,027)
Public safety	57,776	27,249	4,500	7,000	(19,027)	-	(19,027)
Highway and streets	49,204	3,973	-	31,539	(13,692)	-	(13,692)
Health and welfare	600	-	-	-	(600)	-	(600)
Culture and recreation	52,193	8,615	-	-	(43,578)	-	(43,578)
Total governmental activities	310,539	66,576	4,500	38,539	(200,924)	-	(200,924)
Business-type activities:							
Utility operations	126,000	136,582	-	-	-	10,582	10,582
Total primary government	<u>\$ 436,539</u>	<u>\$ 203,158</u>	<u>\$ 4,500</u>	<u>\$ 38,539</u>	<u>(200,924)</u>	<u>10,582</u>	<u>(190,342)</u>
General revenues:							
Taxes:							
Sales					119,269	-	119,269
Ad valorem					53,981	-	53,981
Video poker					29,171	-	29,171
Franchise					25,421	-	25,421
Grants and contributions not restricted to specific programs					1,067	1,304	2,371
Interest earnings					184	226	410
Gain on sale of capital assets					3,595	-	3,595
Proceeds from insurance claims					183	-	183
Total general revenues					<u>232,871</u>	<u>1,530</u>	<u>234,401</u>
Change in net position					31,947	12,112	44,059
Net position - beginning of year, restated					<u>1,139,049</u>	<u>775,861</u>	<u>1,914,910</u>
Net position - end of year					<u>\$ 1,170,996</u>	<u>\$ 787,973</u>	<u>\$ 1,958,969</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF FORDOCHE, LOUISIANA****BALANCE SHEET  
GOVERNMENTAL FUND**

December 31, 2021

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 196,571
Restricted cash - grant advances	154,400
Accounts receivable, net	6,123
Due from other governments	97,032
Due from Public Utility Fund	40,059
Prepaid assets	<u>7,818</u>
 Total assets	 <u>\$ 502,003</u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 2,223
Due to other governments	720
Unearned revenue - grant advances	<u>154,400</u>
 Total liabilities	 <u>157,343</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - ad valorem taxes	<u>1,807</u>
<b>FUND BALANCE</b>	
Non-spendable	7,818
Unassigned	<u>335,035</u>
 Total fund balance	 <u>342,853</u>
 Total liabilities, deferred inflows of resources, and fund balance	 <u>\$ 502,003</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF FORDOCHE, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2021

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

Total fund balance - governmental fund (Exhibit A-2)		\$	342,853
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental fund, net of accumulated depreciation.			854,946
Some tax revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures			
Ad valorem taxes			1,807
Pension related obligations are not due and payable with current resources and, therefore, are not reported in governmental funds.			
Deferred outflows related to pension liability			3,819
Deferred inflows related to pension liability			(7,702)
Net pension liability	(24,727)		(28,610)
Net position of governmental activities (Exhibit A)		\$	1,170,996

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF FORDOCHE, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**GENERAL FUND**

For the year ended December 31, 2021

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes:	
Sales and use	\$ 119,269
Ad valorem	53,981
Video poker	29,171
Franchise	25,421
Fines	27,249
License and permits	25,147
Intergovernmental	51,599
Charges for services	14,180
Investment income	184
	346,201
Total revenues	346,201
<b>EXPENDITURES</b>	
Current function:	
General government	122,817
Public safety	49,616
Highways and streets	36,818
Health and welfare	600
Culture and recreation	23,180
Capital outlay	69,993
	303,024
Total expenditures	303,024
Excess of revenues over expenditures	43,177
<b>OTHER FINANCING SOURCES</b>	
Proceeds from sale of capital assets	4,473
Proceeds from insurance claims	183
	4,656
Total other financing sources	4,656
Net change in fund balance	47,833
<b>FUND BALANCE</b>	
Beginning of year, restated	295,020
End of year	\$ 342,853

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF FORDOCHE, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO  
THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2021

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

Net change in fund balance - total governmental funds (Exhibit A-4)	\$	47,833
<p>The governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation.</p>		
Capital outlay		69,993
Depreciation expense		<u>(53,656)</u>
		16,337
<p>The net effect of various transactions involving capital assets, trade-ins, and donations, is to increase net position</p>		
		6,122
<p>Because some revenues are not collected for sixty days after year end, they are not considered "available" revenues in the governmental funds.</p>		
Grant revenues		(15,560)
<p>Changes in net pension obligations are reported only in the Statement of Activities</p>		
		<u>(22,785)</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u><u>31,947</u></u>

**TOWN OF FORDOCHE, LOUISIANA**  
**STATEMENT OF PROPRIETARY NET POSITION**  
**PROPRIETARY FUND**

December 31, 2021

	<u>Public Utility Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 136,029
Restricted cash - customer utility deposits	20,819
Accounts receivable, net	6,875
Prepaid expenses	<u>4,521</u>
Total current assets	<u>168,244</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	9,950
Depreciable, net	<u>723,492</u>
Total noncurrent assets	<u>733,442</u>
Total assets	<u>901,686</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Net pension liability	<u>4,667</u>
Total assests and deferred inflows of resources	<u>\$ 906,353</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 12,097
Deferred revenue	5,769
Due to General Fund	40,059
Customer utility deposits	<u>20,819</u>
Total current liabilities	78,744
Non-current liabilities:	
Net pension liability	<u>30,222</u>
Total liabilities	<u>108,966</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Net pension liability	<u>9,414</u>
<b>NET POSITION</b>	
Investment in capital assets	733,442
Unrestricted	<u>54,531</u>
Total net position	<u>787,973</u>
Total liabilities,deferred inflows of resources, and net position	<u>\$ 906,353</u>

Notes on Exhibit A-9 are an integral part of this statement.

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

For the year ended December 31, 2021

	<b>Public Utility Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services:	
Water fees	\$ 122,722
Collection fees - Pointe Coupee Parish Government	10,055
Penalties	<u>3,805</u>
Total operating revenues	<u>136,582</u>
<b>OPERATING EXPENSES</b>	
Depreciation	38,221
Personnel	31,865
Utilities	12,505
Maintenance and repairs	11,939
General and administrative	10,250
Insurance	9,234
Professional services	8,443
Materials and supplies	<u>3,543</u>
Total operating expenses	<u>126,000</u>
Operating income	<u>10,582</u>
<b>NONOPERATING</b>	
Pension revenue	1,304
Interest	<u>226</u>
Total nonoperating, net	<u>1,530</u>
Change in net position	12,112
<b>NET POSITION</b>	
Beginning of year	<u>775,861</u>
End of year	<u><u>\$ 787,973</u></u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF FORDOCHE, LOUISIANA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND

For the year ended December 31, 2021

	<b>Public Utility Fund</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 141,449
Payments to suppliers	(63,670)
Payments to employees	(31,865)
	<hr/>
Net cash provided by operating activities	45,914
	<hr/>
<b>CASH FLOWS FROM INVESTING RELATED ACTIVITIES</b>	
Interest income	226
	<hr/>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Increase in customer deposits	403
Increase in deferred inflows	8,233
Decrease in deferred outflows	9,893
Decrease in net pension liability	(48,006)
Operating grants and contributions	1,304
Increase in due to other funds	1,739
	<hr/>
Net cash used for noncapital and related financing activities	(26,434)
	<hr/>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchases of capital assets	(6,660)
	<hr/>
Net increase in cash	13,046
<b>CASH</b>	
Beginning of period	143,802
	<hr/>
End of period	\$ 156,848
	<hr/>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income	\$ 10,582
Adjustments for to reconcile operating income to net cash provided by operating activities:	
Depreciation	38,221
Change in operating assets and liabilities:	
Accounts receivable and other assets and outflows	4,867
Accounts payable and accrued liabilities and inflows	(7,756)
	<hr/>
Net cash provided by operating activities	\$ 45,914
	<hr/>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>	
Cash and cash equivalents	\$ 136,029
Restricted cash and cash equivalents	20,819
	<hr/>
Total cash	\$ 156,848
	<hr/>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF FORDOCHE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Statement Presentation

The Town of Fordoche was incorporated in 1961 and is a political subdivision of the State of Louisiana. The Town, under the provisions of the Lawrason Act, enacts ordinances, sets policy and establishes programs in such fields as public safety, public works, health and welfare, culture and recreation, and utility operations.

The financial statements of the Town of Fordoche, Louisiana (Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant accounting policies established in GAAP and used by the Town are described below. The Town follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant components in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town’s overall financial position and results of operations,
- Financial statements prepared using accrual basis accounting for all of the Town’s activities.
- Fund financial statements to focus on the major funds.

##### Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary municipal government, and where applicable (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, as amended by GASB Statement No. 61, established criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability.

(continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Reporting Entity (Continued)

The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the municipality to impose its will on that organization, and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town and, where applicable, its component units. However, there are no component units to be included either blended within the Town's funds or discretely presented in these financial statements.

### Basis of Presentation

The Town's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements (individual major funds). The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and applied to governmental units.

### Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the Town. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the Town.

*Governmental activities* generally are financed through taxes, intergovernmental revenues, fines, charges for services, and other nonexchange revenues.

*Business type activities* are financed in whole or in part by fees charged to external parties for utility services provided. The Town's water services are classified as business-type activities.

(continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Government-wide Financial Statements (Continued)

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

### Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements. The Town does not have any non-major funds in 2021.

The daily operations of the Town continue to be organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

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

(continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Fund Financial Statements (Continued)**

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds of the primary government presented in the financial statements are described as follows:

#### ***Governmental Fund Types***

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income.

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

#### ***Proprietary Fund Types***

***Enterprise Funds*** – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Town considers the Public Utilities Fund a major enterprise fund.

(continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of Accounting and Measurement Focus**

#### ***Government-wide financial statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Program revenues for governmental activities include operating and capital grants, traffic fines, and occupational licenses and permits.

#### ***Fund financial statements***

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in fund balance. Governmental funds are maintained on the modified accrual basis of accounting. Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental revenues, are recorded as earned since they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, includes sales tax, ad valorem tax, and intergovernmental grants. Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15<sup>th</sup> of each year, and become delinquent after December 31<sup>st</sup>. The taxes are generally collected in December of the current year and January and February of the following year.

Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time and are subject to the availability criteria. Grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town, but subject to the availability criteria.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt which is recognized when due, and (2) claims and judgments, and compensated absences which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

(continued)

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Basis of Accounting and Measurement Focus (Continued)**

#### ***Fund financial statements (Continued)***

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting whereas revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

#### **Cash and Cash Equivalents**

Cash and cash equivalents for the Town include the Louisiana Asset Management Pool (LAMP) account deposits as well as the Town's operating cash accounts.

The investment policy of the Town is governed by state statutes that include depository and custodial contract provisions. The Town invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully collateralized interest bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town primarily utilizes the LAMP to invest idle funds.

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 2.

#### **Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. In business-type activities, uncollectible amounts due from utility billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$1,761 in the Public Utility Fund, respectively, was recorded at December 31, 2021.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Interfund Receivables/Payables**

During the course of operations, transactions may occur between individual funds. Those related to short-term borrowings 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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” The Public Utility Fund owed the General Fund \$40,059 at December 31, 2021.

### **Capital Assets**

The accounting treatment of property, plant, and equipment (capital assets) 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.

### ***Government-wide Statements***

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Major capital outlays for capital assets and improvements are capitalized at the completion of construction projects.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Prior to the implementation of GASB No. 34, governmental fund’s infrastructure assets were not capitalized. The Town has elected to capitalize infrastructure expenditures on a prospective basis.

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

***Government-wide Statements (Continued)***

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

Buildings and improvements	20 - 40 years
Infrastructure	20 - 40 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 6 years
Tractors	5 - 10 years

***Fund Financial Statements***

In the fund financial statements capital assets used in governmental fund operations are recorded as capital outlay expenditures of the governmental fund types when purchased. Capital assets used in proprietary fund operations are accounted for in the same manner as in government-wide statements.

Property, plant and equipment used by the proprietary funds are stated at cost. Interest costs incurred during construction periods are capitalized. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	20 - 40 years
Utility systems	15 - 40 years
Machinery and equipment	3 - 10 years
Furniture and equipment	3 - 10 years
Vehicles	5 - 6 years

**Compensated Absences**

The Town has the following policy relating to compensated absences:

<u>Length of Service</u>	<u>Annual Earned Hourly Allowance</u>
1 - 5 years	80
6 - 9 years	96
10+ years	120

An employee may not carry over compensated absences from one calendar year to another, therefore a liability has not been accrued in the fund financial statements for compensated absences.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Governmental Activities and Business-Type Activities Net Position**

Governmental activities and business-type activities net position is divided into three components:

- Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and related debt that was used to acquire those assets.
- Restricted net position – consist of net position that is restricted by the Town’s creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted – all other net position is reported in this category.

### **Governmental Fund Balances**

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

- Nonspendable – amounts that cannot be spent because they are either in a nonspendable form or they are legally or contractually required to be maintained intact.
- Restricted – amounts that can be spent only for specific purposes because of the Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – amounts that can be used only for specific purposes determined by a formal action by Town council ordinance.
- Assigned – amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- Unassigned – all amounts not included in other spendable classifications.

### **Use of Restricted Resources**

When an expense is incurred in governmental funds that can be paid using either restricted or unrestricted resources (fund balance), the Town’s policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

When an expense is incurred in government activities that can be paid using either restricted or unrestricted resources (net position), the Town’s policy is to first apply the expense to the restricted net position before unrestricted net position is utilized.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted to the Mayor and Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the General Fund and Public Utility Fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

### **Sales and Use Tax**

The Town has a permanent one cent sales and use tax that is available for general purposes.

### **Estimates**

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

### **Subsequent Events**

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through June 14, 2022, which was the date the financial statements were available to be issued.

## NOTE 2 - CASH AND CASH EQUIVALENTS

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town's deposits may not be returned to them. To mitigate this risk, state law requires public deposits to be secured by federal deposit insurance or the pledge of qualified securities owned by the fiscal agent financial institution. As of December 31, 2021, the Town had no unsecured deposits.

As of December 31, 2021, the Town had a balance of \$234,159 invested in LAMP.

LAMP is administered by a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public investments.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 45 days as of December 31, 2021.
- Foreign currency risk: Not applicable.

**NOTE 2 - CASH AND EQUIVALENTS (CONTINUED)**

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

The government's investments are categorized as either (1) insured or registered for which the securities are held by the government or its agent in the government's name, (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the government's name, or (3) uninsured and unregistered for which securities are held by the broker or dealer, or by its trust department or agent but not in the government's name. Cash and cash equivalents consisted of the following as of December 31, 2021:

<b>Unrestricted:</b>	
Investments in LAMP	\$ 234,159
Deposits	272,652
Cash on hand	<u>1,008</u>
Total unrestricted	<u>\$ 507,819</u>

**NOTE 3 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS**

Accounts receivable at December 31, 2021 for the primary government, were as follows:

**Primary Government**

Utility charges, net	\$ 6,875
Franchise taxes	<u>6,123</u>
Total primary government	<u>\$ 12,998</u>

Due from other governments at December 31, 2021 for the primary government, were:

**Primary Government**

Grant receivable - LGAP	\$ 47,099
Ad valorem taxes	46,038
Video poker taxes	1,911
Other	<u>1,984</u>
Total primary government	<u>\$ 97,032</u>

**NOTE 4 - AD VALOREM TAXES**

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15% of fair market value; and public service properties, excluding land, are to be assessed at 25% of fair market value.

Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All ad valorem (property) taxes are recorded in governmental funds, and as explained in Note 1, and are recognized in the accounting period in which they become available and measurable. Property taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue. Property taxes are collected by the tax collector and remitted to the Town within the availability period, and are therefore available to liquidate liabilities of the current period.

Taxes are levied by the Town in September or October, and are billed to the taxpayers in November. Billed taxes become delinquent on December 31<sup>st</sup>. Revenues from ad valorem taxes are budgeted in the year assessed. Ad valorem taxes attach as an enforceable lien on property as of January 1<sup>st</sup> of each year.

For 2021, taxes of 12.800 mills were levied on property with assessed valuations totaling \$4,214,410 and were dedicated to general governmental operations. Total taxes levied were \$53,944.

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2021, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 61,450	\$ -	\$ -	\$ 61,450
Capital assets not being depreciated:	61,450	-	-	61,450
<b>Capital assets being depreciated:</b>				
Buildings and improvements	999,348	27,348	-	1,026,696
Tractors and equipment	165,156	-	13,165	151,991
Office furniture and equipment	136,820	6,200	-	143,020
Vehicles	41,539	43,445	-	84,984
Capital assets being depreciated:	1,342,863	76,993	13,165	1,406,691
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	321,168	29,439	-	350,607
Tractors and equipment	88,978	12,909	12,287	89,600
Office furniture and equipment	123,337	3,613	-	126,950
Vehicles	38,343	7,695	-	46,038
Total accumulated depreciation	571,826	53,656	12,287	613,195
Total capital assets being depreciated, net	771,037	23,337	878	793,496
Total governmental capital assets, net	\$ 832,487	\$ 23,337	\$ 878	\$ 854,946

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

Governmental activities:	<u>Amount</u>
Public safety	\$ 8,160
Culture and recreation	29,013
General government	4,097
Total depreciation expense - governmental activities	\$ 53,656

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 9,950	\$ -	\$ -	\$ 9,950
Capital assets not being depreciated:	<u>9,950</u>	<u>-</u>	<u>-</u>	<u>9,950</u>
 <b>Capital assets being depreciated:</b>				
Water system	1,585,410	6,660	-	1,592,070
Tractors and equipment	79,990	-	-	79,990
Office furniture and equipment	1,238	-	-	1,238
Vehicles	<u>23,844</u>	<u>-</u>	<u>-</u>	<u>23,844</u>
Capital assets being depreciated:	<u>1,690,482</u>	<u>6,660</u>	<u>-</u>	<u>1,697,142</u>
 <b>Less accumulated depreciation for:</b>				
Water system	836,415	37,814	-	874,229
Tractors and equipment	73,932	407	-	74,339
Office furniture and equipment	1,238	-	-	1,238
Vehicles	<u>23,844</u>	<u>-</u>	<u>-</u>	<u>23,844</u>
Total accumulated depreciation	<u>935,429</u>	<u>38,221</u>	<u>-</u>	<u>973,650</u>
 Total capital assets				
being depreciated, net	<u>755,053</u>	<u>(31,561)</u>	<u>-</u>	<u>723,492</u>
 Total business-type capital assets, net				
	<u>\$ 765,003</u>	<u>\$ (31,561)</u>	<u>\$ -</u>	<u>\$ 733,442</u>

Depreciation expense for business-type activities for 2021 was \$38,221.

(continued)

**NOTE 7 - PENSION PLAN**

**Plan Description**

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. The Town is a participant in Plan B only.

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to the report can be found on System's website, [www.mersla.com](http://www.mersla.com), or the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

**MERS:** 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | [www.mersla.com](http://www.mersla.com)

**Funding Policy**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended December 31, 2021, for the Town and covered employees were as follows:

<u>Plan</u>	<u>Town</u>	<u>Employees</u>
MERS (Plan B)	15.50%	5.00%

The Town's contribution to the System under Plan B for the years ended December 31, 2021, 2020 and 2019 was \$11,373, \$10,208, and \$10,019, respectively.

**NOTE 7 - PENSION PLAN (CONTINUED)**

**Pension Liabilities and Expense and Deferred Outflows and Inflows of Resources**

At December 31, 2021, the Town reported a net pension liability of \$54,949 for its proportionate share of the net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Based on the actuarial valuation as of December 31, 2021, the Town's proportion was 0.094853%, which increased from 0.094086%.

For the year ended December 31, 2021, the Town recognized pension expense of \$4,724.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,268
Changes of assumptions	2,224	-
Net difference between projected and actual earnings on pension plan investments	-	14,848
Changes in proportion and differences between Employer contributions and proportionate share of contributions	527	-
Differences between allocated and actual contributions	-	-
Employer contributions subsequent to the measurement date	5,735	-
	\$ 8,486	\$ 17,116

The Town reported \$5,735 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. 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	MERS
2022	\$ (2,292)
2023	(3,005)
2024	(3,850)
2025	(5,218)
	\$ (14,365)

**NOTE 7 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

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

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	3 years
Investment Rate of Return	6.85%, net of investment expense, including inflation
Mortality	<p>PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, adjusted using respective male and female MP2018 scales</p> <p>PubG-2010(B) Employee Table set equal to 120% for males and females, adjusted using respective male and female MP2018 scales</p> <p>PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale</p>
Salary Increases	<p>1 to 4 years of service- 7.4%</p> <p>More than 4 years of service- 4.9%</p>
Cost of Living Adjustments	<p>The System 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 the System to grant additional cost of living increases 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.</p>

**NOTE 7 - PENSION PLAN (CONTINUED)**

**Actuarial Assumptions (continued)**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. 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 were based on the results of an experience study for the period July 2013 through June 2018.

***Discount Rate***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and adjusting for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 6.85% for the year ended June 30, 2021.

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in system target asset allocations as of June 30, 2021:

Asset Class	<u>Long - Term Expected Real Target Allocation</u>	<u>Rate of Return</u>
Equity	53%	2.31%
Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Total	<u>100%</u>	<u>4.35%</u>
 Inflation		<u>2.50%</u>
Expected Arithmetic Nominal Return		<u>6.85%</u>

(continued)

**NOTE 7 - PENSION PLAN (CONTINUED)**

**Sensitivity to Changes in Discount Rate**

The following presents the employer’s proportionate share of the net pension liability using the discount rate of 6.85%, as well as the employer’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by MERS:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<b>MERS</b>			
Discount Rates	5.850%	6.850%	7.850%
Shares of Net Pension Liability	\$ 84,303	\$ 54,949	\$ 30,121

**NOTE 8 - COMMITMENTS AND CONTINGENCIES**

**Risk Management**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

**Grants**

The Town receives federal and state grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the Town management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

**NOTE 9 - COMPENSATION OF GOVERNING BODY**

During 2021, Council members received compensation as follows:

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

**NOTE 10 - RESTATEMENT OF NET POSITION / FUND BALANCE**

During the 2021 audit, it was discovered that an accrual for grant reimbursement revenue for the related expenses associated were not properly accrued in the prior year financial statements. The Town incurred expenses that were subject to a reimbursement grant in 2020, however the related receivable/revenue were not properly accrued in the financial statements. The proper accrual needed for the reimbursement grant was \$15,560. The entry recorded in 2021 as a prior period adjusted included a grant receivable and deferred inflows of resources since the reimbursement grant was received greater than 60 days after year end.

During the 2021 audit, it was discovered that an accrual for sales tax receipts was recorded in 2020, however the receipts were found to be earned in the year 2021. The accrual recorded in the 2020 financial statements for sales tax revenue was in the amount of \$7,230. The entry recorded in 2020 included a sales tax receivable and sales tax revenue.

The effect of the prior period adjustments on net position and fund balance, are as follows:

	<u>Fund Balance - General Fund</u>	<u>Net Position - Gov't Wide</u>
Net Position / Fund Balance		
at December 31, 2020, as previously stated	\$ 302,250	\$ 1,130,719
To correctly adjust grant revenue and related receivables	-	15,560
To correctly adjust sales tax revenue and related receivables	<u>(7,230)</u>	<u>(7,230)</u>
Net Position / Fund Balance		
at December 31, 2020, restated	<u>\$ 295,020</u>	<u>\$ 1,139,049</u>

**TOWN OF FORDOCHE, LOUISIANA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF FORDOCHE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Taxes:				
Sales and use	\$ 65,000	\$ 105,000	\$ 119,269	\$ 14,269
Ad valorem	50,000	50,000	53,981	3,981
Video poker	20,100	20,100	29,171	9,071
Franchise	31,000	30,000	25,421	(4,579)
Fines	20,100	20,100	27,249	7,149
License and permits	24,180	24,180	25,147	967
Intergovernmental	32,000	186,400	51,599	(134,801)
Charges for services	41,749	13,749	14,180	431
Investment income	125	125	184	59
Miscellaneous	500	500	-	(500)
Total revenues	<u>284,754</u>	<u>450,154</u>	<u>346,201</u>	<u>(103,953)</u>
<b>EXPENDITURES</b>				
Current function:				
General government	149,231	162,191	122,817	39,374
Public safety	47,722	58,722	49,616	9,106
Highways and streets	77,431	55,960	36,818	19,142
Health and welfare	800	3,562	600	2,962
Culture and recreation	25,145	36,090	23,180	12,910
Capital outlay	<u>44,000</u>	<u>69,104</u>	<u>69,993</u>	<u>(889)</u>
Total expenditures	<u>344,329</u>	<u>385,629</u>	<u>303,024</u>	<u>82,605</u>
Excess (deficiency) of revenues over expenditures	<u>(59,575)</u>	<u>64,525</u>	<u>43,177</u>	<u>(21,348)</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of capital assets	-	4,473	4,473	-
Proceeds from insurance claims	-	-	183	183
Total other financing sources	<u>-</u>	<u>4,473</u>	<u>4,656</u>	<u>183</u>
Net change in fund balance	<u>\$ (59,575)</u>	<u>\$ 68,998</u>	47,833	<u>\$ (21,165)</u>
<b>FUND BALANCE</b>				
Beginning of year, restated			<u>295,020</u>	
End of year			<u>\$ 342,853</u>	

## **TOWN OF FORDOCHE, LOUISIANA**

### **NOTE TO BUDGETARY INFORMATION**

For the year ended December 31, 2021

#### **NOTE 1 - BUDGET**

##### **Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the general fund and enterprise fund (accrual basis). At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget.

##### **Basis of Accounting**

All of the Town's funds budgets are prepared on the modified accrual basis of accounting, which is described in Note 1 to the Town's financial statements for the year ended December 31, 2021. The Town's basis of budgetary accounting follows generally accepted accounting principles.

**TOWN OF FORDOCHE, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS (1)(2)**

	<b>MERS (Plan B)</b>	
	<b>2021</b>	<b>2020</b>
<b>As of the fiscal year ended (2):</b>		
Employer's Proportion of the Net Pension Liability	0.0949%	0.0941%
Employer's Proportionate Share of the Net Pension Liability	\$ 54,949	\$ 85,263
Employer's Covered Payroll	\$ 72,899	\$ 74,506
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	75.38%	114.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.140%	66.260%
<b>As of the fiscal year ended (2):</b>		
	<b>2019</b>	<b>2018</b>
Employer's Proportion of the Net Pension Liability	0.0936%	0.0918%
Employer's Proportionate Share of the Net Pension Liability	\$ 81,895	\$ 77,655
Employer's Covered Payroll	\$ 73,350	\$ 70,136
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	111.65%	110.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.140%	65.600%
<b>As of the fiscal year ended (2):</b>		
	<b>2017</b>	<b>2016</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.0881%	0.0840%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 76,236	\$ 69,605
Employer's Covered Payroll	\$ 65,554	\$ 61,191
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	116.29%	113.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.500%	63.300%
<b>As of the fiscal year ended (2):</b>		
	<b>2015</b>	
Employer's Proportion of the Net Pension Liability (Asset)	0.0928%	
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 63,091	
Employer's Covered Payroll	\$ 64,412	
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	97.95%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.700%	

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of MERS's prior June 30th fiscal year end.

MERS = Municipal Employees' Retirement System

**TOWN OF FORDOCHE, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS (1)(2)**

	<b>MERS (Plan B)</b>	
	<b>2021</b>	<b>2020</b>
<b>As of the fiscal year ended (2):</b>		
Contractually Required Contribution	\$ 11,373	\$ 10,431
Contributions in Relation to Contractually Required Contribution	11,373	10,208
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 473</u>
Employer's Covered Payroll	\$ 75,940	\$ 74,506
Contributions as a % of Covered Payroll	15.00%	14.00%
<b>As of the fiscal year ended (2):</b>		
Contractually Required Contribution	\$ 10,269	\$ 9,293
Contributions in Relation to Contractually Required Contribution	10,019	9,015
Contribution Deficiency (Excess)	<u>\$ 250</u>	<u>\$ 278</u>
Employer's Covered Payroll	\$ 73,350	\$ 70,136
Contributions as a % of Covered Payroll	14.00%	13.25%
<b>As of the fiscal year ended (2):</b>		
Contractually Required Contribution	\$ 7,211	\$ 5,861
Contributions in Relation to Contractually Required Contribution	7,194	5,861
Contribution Deficiency (Excess)	<u>\$ 17</u>	<u>\$ -</u>
Employer's Covered Payroll	\$ 65,554	\$ 61,691
Contributions as a % of Covered Payroll	11.00%	9.50%
<b>As of the fiscal year ended (2):</b>		
Contractually Required Contribution	\$ 6,119	
Contributions in Relation to Contractually Required Contribution	6,119	
Contribution Deficiency (Excess)	<u>\$ -</u>	
Employer's Covered Payroll	\$ 64,412	
Contributions as a % of Covered Payroll	9.50%	

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the Town's fiscal year.

MERS = Municipal Employees' Retirement System

**TOWN OF FORDOCHE, LOUISIANA**

**NOTES TO SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION  
LIABILITY AND SCHEDULE OF PENSION CONTRIBUTIONS**

For the year ended December 31, 2021

**NOTE 1 - NET PENSION LIABILITY**

**Changes of Benefit Terms**

*Municipal Employees' Retirement System (Plan B)*

No Changes.

**Changes of Assumptions**

*Municipal Employees' Retirement System (Plan B)*

In 2021, the investment rate of return decreased from 6.950% to 6.850% and the inflation rate remained the same at 2.50%.

**TOWN OF FORDOCHE, LOUISIANA**

**OTHER SUPPLEMENTARY INFORMATION**

**TOWN OF FORDOCHE, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2021

**Agency Head:** Mayor Teddy Gros

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 6,000
Travel allowance	<u>459</u>
Total	<u>\$ 6,459</u>

**TOWN OF FORDOCHE, LOUISIANA**  
**ACT 87 JUSTICE SYSTEM FUNDING SCHEDULE**  
**COLLECTING/DISBURSING ENTITY**

For the year ended December 31, 2021

	<b>First Six Month Period Ending, June 30, 2021</b>	<b>Second Six Month Period Ending, December 31, 2021</b>
<b>BEGINNING BALANCE OF AMOUNTS COLLECTED</b>	\$ -	\$ -
<b>COLLECTIONS:</b>		
Criminal Fines - Other	11,401	11,529
Court Costs	2,760	990
<b>TOTAL COLLECTIONS:</b>	<u>14,161</u>	<u>12,519</u>
<b>DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:</b>		
Capital District Law Enforcement, Traffic fines	180	148
CMIS, Traffic fines	90	74
Trauma Head & Spinal Cord Injury, Traffic fines	448	368
Department of Treasury, Handicapped violations	638	518
Louisiana Judicial College, Traffic fines	45	37
<b>TOTAL DISBURSEMENTS</b>	<u>1,401</u>	<u>1,145</u>
<b>AMOUNTS RETAINED BY COLLECTING AGENCY:</b>		
Town of Fordoche, Collections	<u>12,761</u>	<u>11,375</u>
<b>AMOUNT "SELF-DISBURSED" TO COLLECTING AGENCY</b>	<u>12,761</u>	<u>11,375</u>
<b>TOTAL DISBURSEMENTS / RETAINAGE</b>	<u>14,161</u>	<u>12,519</u>
<b>TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED</b>	<u>\$ -</u>	<u>\$ -</u>

**INDEPENDENT AUDITORS' REPORT REQUIRED BY  
*GOVERNMENTAL AUDITING STANDARDS***

For the year ended December 31, 2021

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the **TOWN OF FORDOCHE, LOUISIANA (TOWN)** as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 14, 2022.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiency in internal control, described in the accompanying schedule of findings and recommendations as item 2021-001, that we consider to be a significant deficiency.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the basic financial statements, other instances of noncompliance or other matters may have been identified and reported thereon.

## **The Town's Response to Findings**

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

## **Purpose of this Report**

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

This report is intended solely for the information and use of the Town Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
June 14, 2022

# TOWN OF FORDOCHE, LOUISIANA

## SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

### 1) Summary of Auditors' Results:

- A) The type of report issued on the financial statements: **Unmodified opinion.**
- B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **2021-001.**
- C) Material weaknesses: **None.**
- D) Noncompliance that is material to the financial statements: **2021-002.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2021-001.**

3) Findings relating to compliance reported in accordance with *Government Auditing Standards*: **2021-002.**

**TOWN OF FORDOCHE, LOUISIANA**  
**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

For the year ended December 31, 2021

**4) FINDINGS - FINANCIAL STATEMENT AUDIT**

**2021-001 Segregation of Duties**

**Fiscal Year Finding Originated:** 2011

**Criteria:** Duties within the Town's financial reporting process should be segregated between different individuals to ensure effective internal control over financial reporting.

**Condition:** The Town does not have adequate segregation of duties over the financial reporting process.

**Cause:** The finding results from the small number of Town personnel involved in the financial reporting process, which restricts meaningful segregation of duties.

**Effect:** The Town does not have adequate internal control over financial reporting.

**Recommendation:** We recommend that the Town continue the current processes of:

- Obtaining the Mayor's approval for all Town disbursements,
- The unopened monthly bank statement (including all cancelled checks) be reviewed by the Mayor,
- The Mayor review and sign off bank reconciliations,
- The Mayor and Town Council review the Town's financial statements, on a monthly basis with comparison to budgeted amounts. Furthermore, a listing of monthly cash disbursements be reviewed with the monthly financial statements.

**Management's corrective action plan:** Due to the size of the Town, the achievement of adequate segregation of duties is desirable to management but is economically impractical. However, the Mayor approves all disbursements of the Town within the range of the Council approved budget.

#### 4) FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)

##### 2021-002 Budget Law

**Criteria:** In accordance with R.S. 39:1310, an adopted budget must be amended whenever notification is received pursuant to R.S. 39:1311, or whenever there has been a change in operations upon which the original adopted budget was developed.

**Condition:** Actual revenues in the General Fund had an unfavorable variance of 38% of final budgeted amounts.

**Cause:** The budget did not take into account that grant revenue received from American Rescue Plan Act would not be recognized until the approved expenses were incurred.

**Effect:** The Town is noncompliant with the Louisiana Budget Law and as its General Fund revenues were at a deficit of its budgeted revenues by greater than 5%.

**Recommendation:** We recommend that the Town should amend the budgets in accordance with the federal reporting guidance for federal grants received in advance. Additionally, the budget should be monitored on a continual basis.

**Management's corrective action plan:** Management believes this to be an isolated incident and will continue to monitor actual revenues throughout the year to ensure budget compliance in future fiscal years.

**TOWN OF FORDOCHE, LOUISIANA**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

For the year ended December 31, 2021

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

**Current Status:** This matter is considered resolved.

**2020-002 Late Filing of Audit with Louisiana Legislative Auditor**

**Current Status:** This matter is considered resolved.