

**Town of Plain Dealing  
Plain Dealing, Louisiana  
Financial Statement with Auditors' Report  
As of and For the Year Ended December 31, 2022**

Town of Plain Dealing  
Plain Dealing, Louisiana

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## Independent Auditors' Report

The Honorable Shavonda Gay, Mayor  
and Members of the Town Council  
Town of Plain Dealing  
Plain Dealing, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plain Dealing, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Plain Dealing's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plain Dealing, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 of Plain Dealing 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 of Plain Dealing'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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Plain Dealing'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 Town of Plain Dealing'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 information on pages 4 – 9 and 43 - 44, the schedule of proportionate share of net pension liability on page 45, and the schedule of contributions on page 46 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 inquires 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.

### ***Supplementary Information***

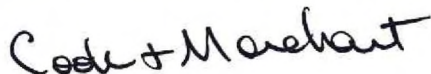
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plain Dealing's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 47 - 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary 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. Such information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Plain Dealing prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on page 49, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Justice System Funding Schedule, shown on page 49, is fairly stated in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023, on our consideration of the Town of Plain Dealing'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 of Plain Dealing's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Plain Dealing's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
June 28, 2023

## TOWN OF PLAIN DEALING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Plain Dealing's financial performance provides an overview of the Town of Plain Dealing's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the Town's financial statements, which begin on page 10.

#### FINANCIAL HIGHLIGHTS

- The Town of Plain Dealing's net position of our governmental activities increased by \$154,048 or 5%. The Town of Plain Dealing's net position of our business-type activities decreased \$302,436 or 11%.
- In the Town's governmental activities, total general and program revenues were \$1,382,270 in 2022 compared to \$1,089,125 in 2021. Total expenses, excluding depreciation, totaled \$939,999 for the year ended December 31, 2022.
- In the Town's business-type activities, total revenues were \$480,344 in 2022 compared to \$495,167 in 2021. Total expenses, excluding depreciation, totaled \$831,841 for the year ended December 31, 2022.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the Town of Plain Dealing as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town of Plain Dealing's operations in more detail than the government-wide statements by providing information about the Town of Plain Dealing's most significant funds.

#### Reporting the Town of Plain Dealing as a Whole

Our analysis of the Town of Plain Dealing as a whole begins on page 10. One of the most important questions asked about the Town of Plain Dealing's finances is "Is the Town of Plain Dealing as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the funds maintained by the Town of Plain Dealing as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town of Plain Dealing's *net positions* and changes in them. You can think of the Town of Plain Dealing's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Town of Plain

Dealing's financial health, or *financial position*. Over time, *increases* or *decreases* in the Town of Plain Dealing's net positions are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Town's property tax base, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities:

Governmental activities – Most of the Town's basic services are reported here, including the police, public works, and general administration. Property taxes, franchise fees, sales taxes, and police department fines, and various other revenues finance most of these activities.

Business-type activities – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water, sewer, and sanitation systems are reported here.

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

Our analysis of the major funds maintained by the Town of Plain Dealing begins on page 12. The fund financial statements begin on page 12 and provide detailed information about the most significant funds maintained by the Town of Plain Dealing – not the Town of Plain Dealing as a whole. The Town of Plain Dealing's two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

Governmental funds – Most of the Town of Plain Dealing's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 of Plain Dealing's general government operations and the expenses paid from those funds. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Town of Plain Dealing expenses. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a reconciliation following the fund financial statements.

Proprietary funds – When the Town charges customers for the services it provides, 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 funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

## THE TOWN OF PLAIN DEALING AS A WHOLE

The Town of Plain Dealing's combined net position changed from a year ago, decreasing from \$6,040,018, (as restated) to \$5,891,630. A comparative analysis of the funds maintained by the Town of Plain Dealing is presented in Table 1 below:

**Table 1**  
**Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,016,087	\$ 1,956,020	\$ 355,655	\$ 680,965	\$ 2,371,742	\$ 2,636,985
Capital assets	1,789,881	1,661,607	2,455,635	2,364,126	4,245,516	4,025,733
Total assets	<u>3,805,968</u>	<u>3,617,627</u>	<u>2,811,290</u>	<u>3,045,091</u>	<u>6,617,258</u>	<u>6,662,718</u>
Deferred outflows of resources	81,889	65,633			81,889	65,633
Other Liabilities	199,964	236,894	266,116	172,923	466,080	409,817
Long-term liabilities	252,968	132,235			252,968	132,235
Total liabilities	<u>452,932</u>	<u>369,129</u>	<u>266,116</u>	<u>172,923</u>	<u>719,048</u>	<u>542,052</u>
Deferred inflows of resources	88,469	105,828			88,469	105,828
Net position:						
Net investment in capital assets	1,785,686	1,652,411	2,419,288	2,364,126	4,204,974	4,016,537
Restricted						
Unrestricted	1,560,770	1,555,892	125,886	508,042	1,686,656	2,063,934
Total net position	<u>\$ 3,346,456</u>	<u>\$ 3,208,303</u>	<u>\$ 2,545,174</u>	<u>\$ 2,872,168</u>	<u>\$ 5,891,630</u>	<u>\$ 6,080,471</u>

Net position of the Town of Plain Dealing's governmental activities increased by \$154,048 or 5%. Net position of the Town of Plain Dealing's business-type activities decreased by \$302,436 or 11%. See Table 2 below:

**Table 2**  
**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 230,255	\$ 212,218	\$ 468,418	\$ 483,608	\$ 698,673	\$ 695,826
Operating grants	232,796	31,525			232,796	31,525
Capital grants	186,520	103,738	10,000		196,520	103,738
General revenue						
Ad valorem taxes	32,472	37,101			32,472	37,101
Sales taxes	427,004	384,348			427,004	384,348
Franchise taxes	27,237	24,305			27,237	24,305
Gaming taxes	210,129	253,864			210,129	253,864
Other taxes	1,872				1,872	
Investment earnings	24,822	35,820	1,926	2,921	26,748	38,741
Miscellaneous	9,163	6,206		8,638	9,163	14,844
Transfers	(229,977)	(37,618)	229,977	37,618		
Total revenues	<u>1,152,293</u>	<u>1,051,507</u>	<u>710,321</u>	<u>532,785</u>	<u>1,862,614</u>	<u>1,584,292</u>
<b>Expenses</b>						
General government	432,722	428,808			432,722	428,808
Public safety	313,141	381,411			313,141	381,411
Streets and sanitation	252,382	189,624			252,382	189,624
Water, sewer, and sanitation			1,012,757	712,228	1,012,757	712,228
Total expenses	<u>998,245</u>	<u>999,843</u>	<u>1,012,757</u>	<u>712,228</u>	<u>2,011,002</u>	<u>1,712,071</u>
 Change in net position	<u>\$ 154,048</u>	<u>\$ 51,664</u>	<u>\$ (302,436)</u>	<u>\$ (179,443)</u>	<u>\$ (148,388)</u>	<u>\$ (127,779)</u>

The Town's total revenues increased by \$278,322 or 18%. The total cost of all programs and services increased \$298,931 or 18%. Our analysis below separately considers the operations of the governmental and business-type activities.

### Governmental Activities

Total revenues for the governmental activities increased by \$100,786 or 10% from total revenues in the year ended December 31, 2021 of \$1,051,507 to total revenues of \$1,152,293 in the year ended December 31, 2022.

The cost of all governmental activities this year was \$998,245. These costs were covered in part by \$649,571 of program revenues, with the remainder covered by general revenues, including ad valorem and sales taxes.

### **Business-type Activities**

Total revenues for the business-type activities increased \$177,536 or 34% from total revenues in the year ended December 31, 2021 of \$532,785 to total revenues of \$710,321 in the year ended December 31, 2022.

The cost of all business-type activities this year was \$1,012,757. These costs were covered in part by program revenues, consisting of charges for services assessed to users.

### **THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a *combined* fund balance of \$1,732,336, which is higher than last year's fund balance of \$1,656,035, as restated.

### **General Fund Budgetary Highlights**

The Town adopted a budget for its General Fund for the year ended December 31, 2022. There were no amendments to the budget during the year. The Town's budgetary comparison is presented as required supplementary information and shown on page 43. Highlights for the year are as follows:

- General government expenditures were approximately \$5,131 more than budgeted amounts.
- Overall revenues and other financing sources were approximately \$39,911 less than budgeted amounts.

The Town's General Fund fund balance of \$1,682,203 reported on page 14 differs from the General Fund's budgetary fund balance of \$144,021 reported in the budgetary comparison schedule on page 43. This is primarily due to the Town budgeting on the cash basis of accounting, and due to the General Fund fund balance on page 14 including the activities of the Sales Tax Fund and Industrial Development Fund which are not included in the budgetary comparison schedule.

## CAPITAL ASSESTS

At the end of December 31, 2022, the Town of Plain Dealing had invested \$4,245,516 in capital assets. (see table 3 below)

**Table 3**  
**Capitl Assets at Year End**  
**(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 674,801	\$ 488,281	\$ 30,078	\$ 20,078	\$ 704,879	\$ 508,359
Construction in progress	359,310	359,310			359,310	359,310
Buildings and improvements	201,306	210,966	17,337	18,317	218,643	229,283
Street improvements	489,149	525,077			489,149	525,077
Park improvements	3,316	6,488			3,316	6,488
Equipment, furniture, and fixtures	61,999	71,485	85,531	20,274	147,530	91,759
Distribution system			2,322,689	2,305,457	2,322,689	2,305,457
<b>Total assets</b>	<b>\$ 1,789,881</b>	<b>\$ 1,661,607</b>	<b>\$ 2,455,635</b>	<b>\$ 2,364,126</b>	<b>\$ 4,245,516</b>	<b>\$ 4,025,733</b>

This year's major additions included:

Equipment	69,000
Construction in process	186,250
Land	10,000
Distribution system	193,425
<b>Total</b>	<b>\$ 458,675</b>

More detailed information about the capital assets are presented in Note 9 to the financial statements.

## DEBT ADMINISTRATION

Long-term liabilities of the Town of Plain Dealing at year end are as follows:

	Governmental Activities 2022	Governmental Activities 2021
Net pension liability - MPERS	\$ 252,968	\$ 132,235

More detailed information about the long-term liabilities is presented in Note 12 and 19 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Town's management considered many factors when setting a fiscal year December 31, 2023 budget. Amounts available for appropriation in the governmental funds are expected to remain substantially the same. Expenditures for 2023 are expected to remain substantially the same.

## CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the finances for those funds maintained by the Town and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Plain Dealing.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Statement of Net Position  
December 31, 2022

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 421,891	\$ 106,622	\$ 528,513
Investments	1,328,873	117,579	1,446,452
Receivables	239,405	61,231	300,636
Prepaid expenses		18	18
Other assets	6,094		6,094
Restricted assets:			
Cash and cash equivalents		59,029	59,029
Investments		31,000	31,000
Capital assets			
Depreciable (net)	755,770	2,425,557	3,181,327
Non-depreciable	1,034,111	30,078	1,064,189
Internal balances	19,824	(19,824)	
Total assets	<u>3,805,968</u>	<u>2,811,290</u>	<u>6,617,258</u>
Deferred outflows of resources - pension related	<u>81,889</u>		<u>81,889</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	33,984	176,087	210,071
Unearned revenue	165,980		165,980
Payable from restricted assets:			
Customer deposits		90,029	90,029
Non-current liabilities:			
Due in more than one year	252,968		252,968
Total liabilities	<u>452,932</u>	<u>266,116</u>	<u>719,048</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue			
Ad valorem taxes	36,154		36,154
Leases	47,633		47,633
Pension related	4,682		4,682
Total Deferred Inflows of Resources	<u>88,469</u>		<u>88,469</u>
<b>Net Position</b>			
Net investment in capital assets	1,785,686	2,419,288	4,204,974
Unrestricted	1,560,770	125,886	1,686,656
Total net position	<u>\$ 3,346,456</u>	<u>\$ 2,545,174</u>	<u>\$ 5,891,630</u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2022

Functions / Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 432,722	\$ 72,274	\$ 172,720	\$ 210,591	\$ 22,863	\$	\$ 22,863
Public safety	313,141	13,526	13,800	22,205	(263,610)		(263,610)
Streets and sanitation	252,382	144,455			(107,927)		(107,927)
Total governmental activities	998,245	230,255	186,520	232,796	(348,674)		(348,674)
Business-type Activities							
Water	483,045	288,547				(194,498)	(194,498)
Sewer	529,712	174,921				(354,791)	(354,791)
Cemetery		4,950	10,000			14,950	14,950
Total business-type activities	1,012,757	468,418	10,000			(534,339)	(534,339)
Total Government	<u>\$ 2,011,002</u>	<u>\$ 698,673</u>	<u>\$ 196,520</u>	<u>\$ 232,796</u>	<u>(348,674)</u>	<u>(534,339)</u>	<u>(883,013)</u>
General revenues:							
Ad valorem taxes					32,472		32,472
Sales taxes					427,004		427,004
Franchise taxes					27,237		27,237
Gaming taxes					210,129		210,129
Other taxes					1,872		1,872
Investment earnings					24,822	1,926	26,748
Miscellaneous					9,163		9,163
Transfers					(229,977)	229,977	
Total general revenues					502,722	231,903	734,625
Change in net position					154,048	(302,436)	(148,388)
Net position - beginning, restated					3,192,408	2,847,610	6,040,018
Net position - ending					<u>\$ 3,346,456</u>	<u>\$ 2,545,174</u>	<u>\$ 5,891,630</u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Balance Sheet  
Governmental Funds  
December 31, 2022

	General	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 170,759	\$ 251,132	\$ 421,891
Investments	1,328,873		1,328,873
Receivables	213,130	26,275	239,405
Due from other funds	79,469		79,469
Other assets	6,094		6,094
<b>Total assets</b>	<u><u>\$ 1,798,325</u></u>	<u><u>\$ 277,407</u></u>	<u><u>\$ 2,075,732</u></u>
<b>Liabilities and Fund balances</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 29,788	\$ 4,196	\$ 33,984
Due to other funds	2,447	57,198	59,645
Unearned revenue		165,980	165,980
<b>Total liabilities</b>	<u>32,235</u>	<u>227,374</u>	<u>259,609</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue			
Ad Valorem taxes	36,154		36,154
Leases	47,633		47,633
<b>Total deferred inflows of resources</b>	<u>83,787</u>		<u>83,787</u>
<b>Fund balances</b>			
Assigned			
Industrial development	1,338,510		1,338,510
Capital projects		50,033	50,033
Medical Clinic	88,395		88,395
Unassigned	255,398		255,398
<b>Total fund balances</b>	<u>1,682,303</u>	<u>50,033</u>	<u>1,732,336</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u><u>\$ 1,798,325</u></u>	<u><u>\$ 277,407</u></u>	<u><u>\$ 2,075,732</u></u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2022

Fund balances - total governmental funds	\$ 1,732,336
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,789,881
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds.	
Deferred outflows - pension related	81,889
Long-term liabilities and other amounts, including compensated absences payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds.	
Net pension liability	(252,968)
Deferred inflows - pension related	(4,682)
	<hr/>
Net position of governmental activities	<u>\$ 3,346,456</u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2022

	General	Capital Projects Fund	Total Governmental Funds
Revenues:			
Ad valorem taxes	\$ 32,472	\$	\$ 32,472
Sales tax	427,004		427,004
Franchise taxes	27,237		27,237
Gaming taxes	210,129		210,129
Intergovernmental	32,372	394,669	427,041
Licenses and permits	51,924		51,924
Fines and forfeitures	13,526		13,526
Investment earnings	24,822		24,822
Charges for services	144,455		144,455
Rent	20,350		20,350
Miscellaneous	9,163		9,163
Total revenues	<u>993,454</u>	<u>394,669</u>	<u>1,388,123</u>
Expenditures:			
Current:			
General government	407,089	13,312	420,401
Public safety	258,469		258,469
Streets and sanitation	216,454		216,454
Capital outlay		186,521	186,521
Total expenditures	<u>882,012</u>	<u>199,833</u>	<u>1,081,845</u>
Excess (deficiency) of revenues over (under) expenditures	111,442	194,836	306,278
Other financing sources (uses):			
Transfers out	(45,000)	(184,977)	(229,977)
Total other financing sources (uses)	<u>(45,000)</u>	<u>(184,977)</u>	<u>(229,977)</u>
Net change in fund balance	66,442	9,859	76,301
Fund balances at beginning of year, restated	<u>1,615,861</u>	<u>40,174</u>	<u>1,656,035</u>
Fund balances at end of year	<u>\$ 1,682,303</u>	<u>\$ 50,033</u>	<u>\$ 1,732,336</u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2022

Net change in fund balances - total governmental funds	\$	76,301
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$186,520) exceeded depreciation (\$58,246) in the current period.		128,274
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Other		(11,359)
Non-employer contributions to cost-sharing pension plan		5,505

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Pension expense		(44,673)
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Change in net position of governmental activities	\$	154,048
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The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Statement of Net Position  
Proprietary Funds  
December 31, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water Fund	Sewer Fund	Non-Major Fund Cemetery Fund	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 24,397	\$ 66,759	\$ 15,466	\$ 106,622
Restricted cash and cash equivalents	59,029			59,029
Investments			117,579	117,579
Restricted investments	31,000			31,000
Receivables	36,783	24,350	98	61,231
Prepaid expenses			18	18
Due from other funds	2,447	5,742		8,189
Total current assets	<u>153,656</u>	<u>96,851</u>	<u>133,161</u>	<u>383,668</u>
Noncurrent assets:				
Capital assets:				
Land	5,078	15,000	10,000	30,078
Plant and equipment	2,733,091	3,155,888	8,161	5,897,140
Less: accumulated depreciation	(1,519,874)	(1,943,548)	(8,161)	(3,471,583)
Total noncurrent assets	<u>1,218,295</u>	<u>1,227,340</u>	<u>10,000</u>	<u>2,455,635</u>
Total assets	<u>1,371,951</u>	<u>1,324,191</u>	<u>143,161</u>	<u>2,839,303</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses	49,251	126,836		176,087
Due to other funds	5,743	22,270		28,013
Payable from restricted assets:				
Customer deposits	90,029			90,029
Total current liabilities	<u>145,023</u>	<u>149,106</u>		<u>294,129</u>
<b>Net position</b>				
Net investment in capital assets	1,181,948	1,227,340	10,000	2,419,288
Unrestricted	44,980	(52,255)	133,161	125,886
Total net position	<u>\$ 1,226,928</u>	<u>\$ 1,175,085</u>	<u>\$ 143,161</u>	<u>\$ 2,545,174</u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2022

	<u>Business-type Activities - Enterprise Funds</u>			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Non-Major Fund Cemetery Fund</u>	<u>Totals</u>
Operating revenues:				
Charges for service -				
Water sales	\$ 287,798	\$	\$	\$ 287,798
Sewerage service charges		174,891		174,891
Lot sales			4,400	4,400
Other	749	30	550	1,329
Total operating revenues	<u>288,547</u>	<u>174,921</u>	<u>4,950</u>	<u>468,418</u>
Operating expenses:				
Personnel services	47,578	44,908		92,486
Contractual services	155,226	57,031		212,257
Supplies and materials	51,242	15,655		66,897
Insurance	1,966	21,297		23,263
Repairs and maintenance	84,317	271,235		355,552
Utilities	52,181	14,371		66,552
Miscellaneous	11,817	3,017		14,834
Depreciation	78,718	102,198		180,916
Total operating expenses	<u>483,045</u>	<u>529,712</u>		<u>1,012,757</u>
Operating income (loss)	<u>(194,498)</u>	<u>(354,791)</u>	<u>4,950</u>	<u>(544,339)</u>
Non-operating revenues:				
Interest income	518	122	1,286	1,926
Total non-operating revenues	<u>518</u>	<u>122</u>	<u>1,286</u>	<u>1,926</u>
Change in net position before transfers and capital contributions	(193,980)	(354,669)	6,236	(542,413)
Capital contributions			10,000	10,000
Transfers in	9,075	220,902		229,977
Change in net position	(184,905)	(133,767)	16,236	(302,436)
Net position - beginning of year, restated	<u>1,411,833</u>	<u>1,308,852</u>	<u>126,925</u>	<u>2,847,610</u>
Net position - end of year	<u>\$ 1,226,928</u>	<u>\$ 1,175,085</u>	<u>\$ 143,161</u>	<u>\$ 2,545,174</u>

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2022

	Business-type Activities - Enterprise Funds			Totals
	Water Fund	Sewer Fund	Non-Major Fund Cemetery Fund	
Cash Flows From Operating Activities				
Receipts from customers	\$ 291,980	\$ 171,198	\$ 4,592	\$ 467,770
Other receipts	749	30	550	1,329
Cash payments to suppliers for goods and services	(372,129)	(334,744)		(706,873)
Cash payments to employees for services	(46,605)	(44,908)		(91,513)
Net Cash from (used in) Operating Activities	(126,005)	(208,424)	5,142	(329,287)
Cash Flows From Non-Capital Financing Activities				
Transfers from other funds	9,075	220,902		229,977
Interfund loans	44,449	18,976		63,425
Net Cash from Non-Capital Financing Activities	53,524	239,878		293,402
Cash Flows From Investing Activities				
Cash payments for purchase of investments			(1,465)	(1,465)
Interest income	518	122	1,286	1,926
Net Cash from (used in) Investing Activities	518	122	(179)	461
Cash Flows From Capital and Related Financing Activities				
Payments for property and equipment		(226,078)		(226,078)
Net Cash (Used In) Capital and Related Financing Activities		(226,078)		(226,078)
Net increase (decrease) in cash, cash equivalents, and restricted cash	(71,963)	(194,502)	4,963	(261,502)
Cash, cash equivalents, and restricted cash, beginning of year	155,389	261,261	10,503	427,153
Cash, cash equivalents, and restricted cash, end of year	\$ 83,426	\$ 66,759	\$ 15,466	\$ 165,651
Cash and cash equivalents are reflected on the Statement of Net Position as follows:				
Cash and cash equivalents	\$ 24,397	\$ 66,759	\$ 15,466	\$ 106,622
Restricted cash and cash equivalents	59,029			59,029
	\$ 83,426	\$ 66,759	\$ 15,466	\$ 165,651
Reconciliation of Operating Income to Net Cash Used By Operating Activities:				
Operating income (loss)	\$ (194,498)	\$ (354,791)	\$ 4,950	\$ (544,339)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation expense	78,718	102,198		180,916
Accounts receivable	(8,610)	(3,693)	192	(12,111)
Accounts payable and accrued expenses	(20,461)	41,808		21,347
Prepaid expenses	6,054	6,054		12,108
Customer deposits	12,792			12,792
Net Cash Flows From Operating Activities	\$ (126,005)	\$ (208,424)	\$ 5,142	\$ (329,287)
Non-cash investing and financing transaction:				
Acquisition of property				
Cost of property and equipment	\$ 36,348	\$ 226,078	\$ 10,000	\$ 272,426
Capital contributions			(10,000)	(10,000)
Vendor payable	(36,348)			(36,348)
Cash down payment for property and equipment	\$	\$ 226,078	\$	\$ 226,078

The accompanying notes are an integral part of this statement.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022

## INTRODUCTION

The Town of Plain Dealing operates under a special charter of 1890 pursuant to the authority of Act 49 of 1882. The Town operates under the Mayor-Board of Alderman form of government.

### (1) Summary of Significant Accounting Policies

The Town of Plain Dealing's financial statements are 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 more significant accounting policies established in GAAP and used by the Town of Plain Dealing are discussed below.

#### A. Reporting Entity

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

Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the Town of Plain Dealing for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Town to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
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.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

Based on the criteria described above, there are no component units to be included as part of the reporting entity.

**B. Basic Financial Statements – Government-Wide Statements**

The Town of Plain Dealing's basic financial statements include both government-wide (reporting the funds maintained by the Town of Plain Dealing as a whole) and fund financial statements (reporting the Town of Plain Dealing's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's general fund and capital outlay fund are classified as governmental activities. The Town's water, sewer, and cemetery services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The Town of Plain Dealing's net position is reported in three parts – invested in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Plain Dealing's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, including non-employer contributions to cost-sharing pension plans, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water, sewer, and sanitation services. All revenues and expenses not meeting this definition are classified as non-operating revenues and expenses.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

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

C. Basic Financial Statements – Fund Financial Statements

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

The following fund types are used by the Town of Plain Dealing:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town of Plain Dealing:
  - a. General fund is the general operating fund of the Town of Plain Dealing. It is used to account for all financial resources not accounted for and reported in another fund.
  - b. Capital Projects Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for various capital projects of the Town.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
  - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources not accounted for and reported in another fund.

Capital Projects Fund – accounts for the proceeds of grant revenues received and related expenditures for various capital projects of the Town.

Water Fund – accounts for the provision of water services of the Town.

Sewer Fund – accounts for the provision of sewer services of the Town.

D. Basis of Accounting

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

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits same to Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another, or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget is adopted on a cash basis for all funds. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10–40 years
Dams and reservoirs	50 years
Street improvements	20 years
Park improvements	10–20 years
Equipment, furniture, and fixtures	5–20 years
Water and sewer systems	10–50 years

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

GASB requires the Town to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on December 31. The 2022 tax levy is intended to fund the 2023 fiscal year and has been recorded as a receivable and deferred inflow of resources. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Bossier Parish. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Restricted net position consists of assets that are restricted by limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

J. Sales Taxes

In 1975, the Town passed an ordinance establishing a 1% sales tax to be used for general operating purposes, including but not limited to opening, construction, paving, resurfacing, improving and/or maintaining streets, alleys, sidewalks, and bridges; constructing, acquiring, extending, improving, renovating and/or maintaining street lighting facilities, waterworks, sewers and sewerage disposal works, garbage collection and waste disposal facilities, city hall and police department stations and equipment, including fire engines, public parks and recreational facilities, and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, building, improvements and facilities, or for any one or more of said purposes.

In 1993, the Town passed an ordinance establishing a 1% sales tax for the purpose of acquiring, constructing, and improving industrial parts and industrial buildings along with necessary sites, equipment and furnishings in connection therewith and, further, after making

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

all payments required each month for the principal, interest, and other payments on such bonds, shall the remaining avails or proceeds be allocated monthly and used exclusively for any lawful corporate purpose of the Town including acquiring, constructing, and improving industrial parks and industrial buildings along with any necessary sites, equipment, and furnishings in connection therewith.

In 2003, the Town passed an ordinance establishing a 1/2% sales tax to be used for any lawful corporate purpose of the Town, including the funding of the proceeds of the tax into bonds to be issued from time to time for the purpose of paying the cost of any capital improvements to the extent and in the manner permitted by law.

The Town entered into an agreement with the City of Bossier City, Louisiana for the City of Bossier City, Louisiana to collect and distribute to the Town it's two and one-half cent sales and use tax. The City of Bossier City, Louisiana charges a collection fee of 1% of the sales tax collected for these services.

K. Compensated Absences

The Town accrues vacation benefits as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

L. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the Statement of Net Position.

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O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. For the years ending December 31, 2022, 2021, and 2020, accounts receivable for the General, Water, and Sewer funds are shown net of an allowance of \$54,653, \$9,657, and \$22,130, respectively.

P. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water, Sewer and Cemetery Funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Q. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

R. Fund Balance

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

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purpose due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed - amounts that can be used only for the specific purpose as a result of constraints imposed by the Town Council (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned - amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned - all amounts not included in other spendable classifications.

The Town's policy is to apply expenditures against restricted fund balance and then to other, less-restricted classifications - committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as assigned fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

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S. Deferred Inflows / Outflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three items that meet this definition and qualify for reporting in this category. Accordingly, the items unavailable revenue, leases, and pension-related are reported in the Statement of Net Position.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of item that meets this definition and qualifies for reporting in this category. Accordingly, the item pension-related is reported in the Statement of Net Position.

T. Pension Plan

The Town is a participating employer in a cost-sharing, multiple-employer, defined benefit pension plans as described in Note 12. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position, have been determined on the same basis as they are reported by the plan.

U. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

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(2) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

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

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General	8.73	8.73	N/A

Approximately 37% of the Town's ad valorem tax revenues are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

At December 31, 2022, the Town has cash, cash equivalents, and investments (book balances) totaling \$2,064,994 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2022 (book balances) totaled \$587,542, of which \$59,029 is shown as a restricted asset. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. At December 31, 2022, the Town had investments totaling \$1,477,452, consisting of certificates of deposit with initial maturities greater than 90 days. Investments totaling \$31,000 are shown as restricted assets. The certificates of deposits are carried at cost, which approximates market.

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C. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2022, \$1,627,890 of the Town's bank balance of \$2,127,890 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the  
pledging bank's trust department, not  
in the Town's name:

Cash and cash equivalents	\$ 400,438
Certificates of deposit	<u>1,227,452</u>
	<u>\$ 1,627,890</u>

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

(4) On-behalf Payments

The Town received a total of \$16,700 in police supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

(5) Restricted Assets – Proprietary Fund Type

Restricted assets consisted of customer deposits in the amount of \$90,029.

(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2022, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 30,655	\$ 172,806	\$ 203,461
Accrued payroll	<u>3,329</u>	<u>3,281</u>	<u>6,610</u>
Total	<u>\$ 33,984</u>	<u>\$ 176,087</u>	<u>\$ 210,071</u>

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(7) Receivables

The following is a summary of receivables at December 31, 2022:

<u>Class of Receivable</u>	
Governmental activities –	
Ad valorem taxes	\$ 9,722
Sales taxes	37,863
Franchise taxes	6,085
Gaming taxes	53,942
Lease	47,633
Grant	26,276
Garbage	18,674
Miscellaneous	<u>39,210</u>
	<u>239,405</u>
Business-type activities –	
Water charges	36,783
Sewer charges	24,350
Other	<u>98</u>
	<u>61,231</u>
Total	<u>\$ 300,636</u>

(8) Interfund Transfers

Interfund transfers for the year ended December 31, 2022 consisted of the following:

	<u>Transfer From</u>	<u>Transfer To</u>	<u>Net</u>
Governmental Funds:			
General fund	\$	\$( 45,000)	\$( 45,000)
Capital Projects fund	<u>                    </u>	<u>( 184,977)</u>	<u>( 184,977)</u>
Total Governmental Funds	<u>                    </u>	<u>( 229,977)</u>	<u>( 229,977)</u>
Enterprise Funds:			
Water	9,075		9,075
Sewer	<u>220,902</u>	<u>                    </u>	<u>220,902</u>
	<u>229,977</u>	<u>                    </u>	<u>229,977</u>
Total	<u>\$ 229,977</u>	<u>\$( 229,977)</u>	<u>\$</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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(9) Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance at Jan. 1, 2022	Additions	Deletions	Balance at Dec. 31, 2022
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Construction in progress	\$ 359,310	\$ 186,520	\$	\$ 545,830
Land	488,281			488,281
Total capital assets, not being depreciated	847,591	186,520		1,034,111
Capital assets, being depreciated:				
Buildings and improvements	697,196			697,196
Dams and reservoirs	294,580			294,580
Street improvements	1,159,336			1,159,336
Park improvements	140,843			140,843
Equipment, furniture, fixtures	1,070,207		(380,400)	689,807
Total capital assets, being depreciated, at historical cost	3,362,162		(380,400)	2,981,762
Less accumulated depreciation:				
Buildings and improvements	(486,230)	(9,660)		(495,890)
Dams and reservoirs	(294,580)			(294,580)
Street improvements	(634,259)	(35,928)		(670,187)
Park improvements	(134,355)	(3,172)		(137,527)
Equipment, furniture, fixtures	(998,722)	(9,486)	380,400	(627,808)
Total accumulated depreciation	(2,548,146)	(58,246)	380,400	(2,225,992)
Total capital assets, being depreciated, net	814,016	(58,246)		755,770
Governmental activities capital assets, net	<u>\$ 1,661,607</u>	<u>\$ 128,274</u>	<u>\$</u>	<u>\$ 1,789,881</u>

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	Balance at Jan. 1, 2022	Additions	Deletions	Balance at Dec. 31, 2022
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 20,078	\$ 10,000	\$	\$ 30,078
Total capital assets, not being depreciated, at historical cost	<u>20,078</u>	<u>10,000</u>		<u>30,078</u>
Capital assets, being depreciated:				
Buildings and improvements	31,703			31,703
Equipment, furniture, fixtures	142,074	69,000		211,074
Distribution system	5,462,068	193,425	(1,130)	5,654,363
Total capital assets, being depreciated, at historical cost	<u>5,635,845</u>	<u>262,425</u>	<u>(1,130)</u>	<u>5,897,140</u>
Less accumulated depreciation:				
Buildings and improvements	(13,386)	(980)		(14,366)
Equipment, furniture, fixtures	(121,800)	(3,743)		(125,543)
Distribution system	(3,156,611)	(176,193)	1,130	(3,331,674)
Total accumulated depreciation	<u>(3,291,797)</u>	<u>(180,916)</u>	<u>1,130</u>	<u>(3,471,583)</u>
Total capital assets, being depreciated, net	<u>2,344,048</u>	<u>81,509</u>		<u>2,425,557</u>
Business-type activities capital assets, net	<u>\$ 2,364,126</u>	<u>\$ 91,509</u>	<u>\$</u>	<u>\$ 2,455,635</u>

Depreciation expense was charged to Governmental and Business-type Activities as follows:

	Governmental Activities	Business-type Activities
General government	\$ 12,320	\$
Public safety	9,998	
Streets	35,928	
Water, sewer, and cemetery		180,916
Total	<u>\$ 58,246</u>	<u>\$ 180,916</u>

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(10) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$90,029, at December 31, 2022.

(11) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

(12) Pension Plan

Certain employees of the Town are members of the Municipal Police Employees Retirement System (police department employees).

**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit plan administered by a separate board of trustees. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

**Plan Description**

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

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

**Membership Prior to January 1, 2013**

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service

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was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active

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contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

**Initial Benefit Option Plan**

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

**Contributions**

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2022, total contributions due from employers and employees was 39.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 39.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 29.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32.25% and 7.5%, respectively. The Town contributions to the System for the years ended December 31, 2022, 2021, and 2020 were \$24,348, \$23,970, and \$24,583, respectively.

**Non-Employer Contributions**

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$5,505 are recognized as revenue during the year ended December 31, 2022 and excluded from pension expense.

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

At December 31, 2022, the Town reported a liability of \$252,968 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2022, as compared to the total of all employers' contributions to the System for the year ended June 30, 2022. At June 30, 2022, the Town's proportion was .024748%, which was a decrease of .000059% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense of \$63,143, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$5,878.

At December 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,248	\$ 2,062
Changes of assumptions	8,726	1,882
Net difference between projected and actual earnings on pension plan investments	45,163	
Changes in proportion and differences between employer contributions and proportionate share of contributions	15,643	738
Employer contributions subsequent to the measurement date	11,109	
Total	<u>\$ 81,889</u>	<u>\$ 4,682</u>

The Town reported a total of \$11,109 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022, which will be recognized as a reduction in net pension liability in the year ended December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 26,731
2024	12,906
2025	2,773
2026	23,688
Total	<u>\$ 66,098</u>

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**Actuarial Methods and Assumptions**

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2021 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	6.750%, net of investment expense, decreased from 7.125% used in 2019	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.5%	
	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1 – 2	12.30%
	Above 2	4.70%
Mortality	Mortality assumptions were based on an experience study for the period July 1, 2014 - June 30, 2019. The Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees, and Retirees was used multiplied by 1 15% for males and 125% for females each with full generational projection using the MP2019 scale. For disabled retirees the Public Retirement Plans Mortality for Safety below-Medium table was used multiplied by 105% for males and 1 15% for females each with full generational projection using the MP20 19 scale.	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

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

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

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<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.60%
Fixed income	30.50%	0.85%
Alternatives	14%	0.95%
Totals	100%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

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

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2021.

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 354,107	\$ 252,968	\$ 168,484

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended December 31, 2022 were recognized in the current reporting period as pension expense except as follows:

**Differences between Expected and Actual Experience:**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Differences between Projected and Actual Investment Earnings:**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

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**Changes of Assumptions or Other Inputs:**

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Change in Proportion:**

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

**Pension Plans Fiduciary Net Positions**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated mounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2022. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.lila.la.gov](http://www.lila.la.gov).

(13) **New Accounting Principle**

In June, 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases, which increased the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows and resources or outflows or resources based on the payment provisions of the contract. The Statement establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The Town implemented this Statement in the current year, with no changes to the prior net position as a result of this implementation.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

(14) Interfund Balances

Interfund balances at December 31, 2022 consisted of the following:

	Due From <u>Other Fund</u>	Due To <u>Other Fund</u>	<u>Net</u>
Governmental Funds:			
General fund	\$ 79,469	\$( 2,447)	\$ 77,022
Capital Outlay		( 57,198)	( 57,198)
Total Governmental Funds	<u>79,469</u>	<u>( 59,645)</u>	<u>19,824</u>
Enterprise Funds:			
Major fund			
Water	2,447	( 5,743)	( 3,296)
Sewer	<u>5,742</u>	<u>( 22,270)</u>	<u>( 16,528)</u>
Total Enterprise Funds	<u>8,189</u>	<u>( 28,013)</u>	<u>( 19,824)</u>
Total	<u>\$ 87,658</u>	<u>\$( 87,658)</u>	<u>\$</u>

The interfund balances are the results of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(15) Subsequent events

Subsequent events have been evaluated through June 28, 2023, the date the financial statements were available to be issued.

(16) Commitments

As of December 31, 2022, the Town of Plain Dealing has commitments for signed construction, engineering, and other contracts of approximately \$730,511. As of December 31, 2022, approximately \$561,574 had been incurred on those contracts, and the balance remaining in those contracts was approximately \$168,937, which will be incurred subsequent to December 31, 2022.

(17) Deferred Compensation Plan

Certain employees of the Town participate in a 457 Deferred Compensation Plan. The amounts contributed by the Town during the years ended December 31, 2022, 2021, and 2020 were \$782, \$1,479, and \$3,034 respectively.

(18) Unearned Revenue

Unearned revenue at December 31, 2022, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Town plans to use those funds in the subsequent years.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued).

(19) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Other long-term				
Liabilities –				
Net pension				
Liability-MPERS	\$ 132,235	\$ 120,733	\$ _____	\$ 252,968
Total long-term liabilities, governmental activities	<u>\$ 132,235</u>	<u>\$ 120,733</u>	<u>\$ _____</u>	<u>\$ 252,968</u>

(20) Leases

The Town, as a lessor, has entered into lease agreements involving real estate and facilities owned by the Town. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease-related inflows, recognized during the year ended December 31, 2022 was \$6,000.

The future inflow of resources for the years subsequent to December 31, 2022, under existing lease agreements are as follows:

<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 5,263	\$ 737	\$ 6,000
2024	5,349	651	6,000
2025	5,437	563	6,000
2026	5,526	474	6,000
2027	5,617	383	6,000
2028-2031	20,441	605	21,046
	<u>\$ 47,633</u>	<u>\$ 3,413</u>	<u>\$ 51,046</u>

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Notes to Financial Statements  
December 31, 2022  
(Continued)

(21) Prior Period Restatement

The fund balance of the Town of Plain Dealing's Governmental Funds were restated as of December 31 2021, as noted below:

	<u>General Fund</u>
Total Fund Balance December 31, 2021 as previously reported	\$ 1,631,756
Correction of expenses not recorded	<u>(15,895)</u>
Total Fund Balance December 31, 2021, restated	<u>\$ 1,615,861</u>

The Net Position of the Town of Plain Dealing's Proprietary Funds was restated as of December 31 2021, as noted below:

	<u>Water Fund</u>	<u>Sewer Fund</u>
Total Net Position December 31, 2021 as previously reported	\$ 1,413,686	\$ 1,331,557
Correction of expenses not recorded	(1,853)	(1,956)
Correction of accounts payable	<u></u>	<u>(20,749)</u>
Total Net Position December 31, 2021, restated	<u>\$ 1,411,833</u>	<u>\$ 1,308,852</u>

The Net Position of the Town of Plain Dealing's Governmental and Business-Type Activities was restated as of December 31 2021, as noted below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total Net Position December 31, 2021 as previously reported	\$ 3,208,303	\$ 2,872,168
Correction of expenses not recorded	(15,895)	(3,809)
Correction of account payable	<u></u>	<u>(20,749)</u>
Total Net Position December 31, 2021, restated	<u>\$ 3,192,408</u>	<u>\$ 2,847,610</u>

Town of Plain Dealing  
Plain Dealing, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2022

	Budgeted Amounts Original and Final	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues:			
Ad valorem taxes	\$ 9,000	\$ 34,648	\$ 25,648
Franchise taxes	33,000	27,281	(5,719)
Gaming taxes	279,600	186,552	(93,048)
Intergovernmental		30,500	30,500
Licenses and permits	55,500	51,924	(3,576)
Fines and forfeitures	12,000	13,526	1,526
Investment earnings	11,496	12,039	543
Charge for services	148,008	148,405	397
Rental of facilities	10,608	11,350	742
Miscellaneous	4,008	7,084	3,076
Total revenues	<u>563,220</u>	<u>523,309</u>	<u>(39,911)</u>
Expenditures:			
Current:			
General government	539,412	403,096	136,316
Public safety	319,200	319,569	(369)
Streets and sanitation	75,504	216,582	(141,078)
Total expenditures	<u>934,116</u>	<u>939,247</u>	<u>(5,131)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(370,896)</u>	<u>(415,938)</u>	<u>(45,042)</u>
Other financing sources:			
Transfers in	424,800	382,412	(42,388)
Total other financing sources	<u>424,800</u>	<u>382,412</u>	<u>(42,388)</u>
Excess of revenues and other sources over expenditures and other uses	53,904	(33,526)	(87,430)
Fund balances at beginning of year	<u>156,471</u>	<u>177,547</u>	
Fund balances at end of year	<u>\$ 210,375</u>	<u>\$ 144,021</u>	<u>\$</u>

Town of Plain Dealing  
Plain Dealing, Louisiana  
Note to Required Supplementary Information  
For The Year Ended December 31, 2022

The Town's budget is adopted on a cash basis. There were no amendments to the 2022 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis. For GAAP basis financial reporting, the General fund includes activities of the Sales Tax and Industrial Development funds, as those funds do not meet the criteria to be classified as special revenue funds.

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ ( 33,526)
Adjustments:	
Revenue accruals – net	21,358
Expenditure accruals – net	61,512
Revenues, transfers, and Other financing sources:	
Sales Tax	427,034
Industrial development	21,752
Expenditures, transfers, and Other financing uses:	
Sales Tax	( 431,688)
Industrial development	
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 66,442</u>

Town of Plain Dealing  
Plain Dealing, Louisiana  
Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended December 31, 2022

Municipal Police Employees Retirement System of Louisiana

<u>Year Ended June 30</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered-employee payroll</u>	<u>Proportionate share of the net pension liability as a percentage of its covered-employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2022	0.02475%	\$ 252,968	\$ 76,399	331.11%	70.80%
2021	0.02481%	132,235	76,471	172.92%	84.09%
2020	0.02449%	226,335	75,641	299.22%	70.94%
2019	0.01755%	159,420	54,819	290.81%	71.01%
2018	0.01503%	127,065	44,353	286.49%	71.89%
2017	0.01252%	133,113	44,353	300.12%	70.08%
2016	0.01570%	147,144	43,977	334.59%	66.04%
2015	0.01630%	127,694	37,601	339.60%	70.73%

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

Town of Plain Dealing  
Plain Dealing, Louisiana  
Schedule of Contributions  
For The Year Ended December 31, 2022

Municipal Police Employees Retirement System of Louisiana

<u>Year Ended December 31</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
2022	\$ 24,348	\$ 24,348	\$	\$ 79,721	30.54%
2021	23,970	23,970		75,496	31.75%
2020	24,583	24,583		75,641	32.50%
2019	17,679	17,679		54,819	32.25%
2018	13,639	13,639		44,353	30.75%
2017	14,082	14,082		44,353	31.75%
2016	12,973	12,973		43,977	29.50%
2015	13,734	13,734		127,693	10.76%

\*Amounts presented were determined as of the end of the fiscal year (December 31).

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

Town of Plain Dealing  
Plain Dealing, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended December 31, 2022

Mayor -		
Shavonda Gay	\$	18,000
Aldermen:		
Jeff Benson		1,200
Emily Jennings		1,200
James Cook		1,200
Judy McGuffey		1,200
Shanita Gay		1,200
		<hr/>
	\$	<u>24,000</u>

Town of Plain Dealing  
Plain Dealing, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2022

**Agency Head: Shavonda Gay, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 18,000
Travel	6,802

Town of Plain Dealing  
Plain Dealing, Louisiana  
Other Supplementary Information  
Justice System Funding Schedule  
Collecting/Disbursing Schedule  
As Required by Act 87 of the 2020 Regular Legislative Session  
For the Year Ended December 31, 2022

Cash Basis Presentation	January 2022 - June 2022	July 2021- December 2022
Beginning Balance of Amounts Collected (i.e. cash on hand)	0	6,572
Add: Collections		
Criminal Fines - Other	6,572	6,954
Subtotal Collections	6,572	6,954
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other		
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other		
State of Louisiana Treasurer - CMIS - Criminal Fines - Other		
Louisiana Supreme Court - Criminal Fines - Other		
Louisiana Commission on Law Enforcement - Criminal Fines - Other		
Less: Amounts Retained by Collecting Agency		
Amounts Self-Disbursed to Collecting Agency - Criminal Fines - Other		
Subtotal Disbursements/Retainage		
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	6,572	13,526
Ending Balance of "Partial Payments" Collected but not Disbursed	0	0

**Other Information:**

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	0
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	0

## COOK & MOREHART

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

The Honorable Shavonda Gay, Mayor  
and Members of the Town Council  
Town of Plain Dealing  
Plain Dealing, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plain Dealing, Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Town of Plain Dealing's basic financial statements, and have issued our report thereon dated June 28, 2023.

### **Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Summary Schedule of Current Year Audit Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the deficiency described in the accompanying Summary Schedule of Current Year Audit Findings as item 2022-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Summary Schedule of Current Year Audit Findings as item 2022-04 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Plain Dealing's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Summary Schedule of Current Year Audit Findings as items 2022-001 and 2022-003.

### **Town of Plain Dealing's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Plain Dealing's response to the findings identified in our audit and described in the accompanying schedule of current year audit findings. Town of Plain Dealing's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Cook & Morehart  
Certified Public Accountants  
June 28, 2023

Town of Plain Dealing  
Plain Dealing, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule For Louisiana Legislative Auditor  
December 31, 2022

**Summary Schedule of Prior Audit Findings**

There were four findings for the prior year ended December 31, 2021.

**2021-001 Finding - Budget**

*Finding:* Actual expenditures and other financing uses for the General Fund were more than budgeted expenditures and other financing uses by more than 5%. In addition, the budget for 2021 was not advertised prior to being adopted.

*Criteria:* The Local Government Budget Act requires the annual budgets be amended when actual expenditures and other financing uses are more than budgeted amounts by more than 5%. The Local Government Budget Act also required that the budget be advertised prior to adoption.

*Cause:* The budget was not amended during the year, due in part to the Town's accounting records not being maintained on a timely basis during the year.

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

*Recommendation:* We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected expenditures and other financing uses are expected to be more than budgeted amounts by more than 5%.

*Current Status:* See finding in current year audit.

**2021-002 Finding – Late Submission of Audit**

*Finding:* The audit report for the year ended December 31, 2021, was not submitted timely in accordance with the state law

*Criteria:* State law requires reports to be submitted no later than six months after the Town's year end.

*Cause:* Accounting records and other information was not complete in order to begin the audit in a timely manner.

*Effect:* The Town's audit report was not submitted timely in accordance with state law.

*Recommendation:* We recommend the Town established appropriate controls for ensuring the required reports will be submitted timely in the future.

*Current Status:* Audit for the year ended December 31, 2022 was submitted timely in accordance with state law.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2022  
(Continued)

**2021-003 Material Weakness – Accounting Records**

*Material Weakness:* Accounting records were not maintained on a current basis during 2021, including general ledgers and bank reconciliations.

*Criteria:* Accounting records should be maintained on a current basis during the year, including general ledgers and bank reconciliations, to ensure a proper monitoring of the Town's financial position and results of operations.

*Cause:* Significant employee turnover during the year resulted in general ledgers not being maintained on a current basis during the year. In addition, the Town's former contract accountant resigned in early 2021.

*Effect:* Due to a lack of accounting records during the year, the Town was not able to monitor its financial position and results of operations throughout the year. In addition, without current accounting records and bank reconciliations, material misstatements could occur and go undetected.

*Recommendation:* The Town should implement controls for ensuring that its accounting records, including general ledgers and bank reconciliations, are maintained on a current basis throughout the year.

*Current Status:* Accounting records for 2022 were maintained on a current basis during the year.

**2021-004 Material Weakness – Accounts Receivable / Cash Receipts**

*Material Weakness:* Cash receipts for the Town's governmental and utility funds were not reconciled to the general ledger during the year. In addition, accounts receivable per the Town's subsidiary billing software for the Water and Sewer funds was not reconciled to the general ledger during the year. Billing adjustments per the subsidiary billing software were also not reviewed by someone independent of the collection process to ensure all adjustments entered were properly approved. Furthermore, there was not a complete monitoring of cash receipts documentation during the year by someone independent of the collection process.

*Criteria:* Internal controls should be in place to include a reconciliation of cash receipts for the Town's governmental and utility funds to the general ledgers during the year. Such reconciliation should include a review and reconciliation of receipts and adjustments per the Town's subsidiary billing software to the general ledgers. Controls should also include a review of cash receipts documentation by someone independent of the collection process.

*Cause:* Significant employee turnover during the year resulted in general ledgers not being maintained on a current basis during the year. Employee turnover also resulted in a lack of review of receipts by someone independent of the collection process.

*Effect:* Without a proper monitoring and reconciliation of cash receipts and billing adjustments to general ledgers/subsidiary documentation, material misstatements could occur and not be detected.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2022  
(Continued)

*Recommendation:* We recommend that cash receipts for the Town's governmental and utility funds be reconciled to the general ledger on a current basis throughout the year. In addition, accounts receivable and billing adjustments per the Town's subsidiary billing software for the Water and Sewer funds should be reconciled to the general ledger during the year by someone independent of the collection process.

*Current Status:* See significant deficiency in current year audit.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Summary Schedule of Current Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2022

**Corrective Action Plan for Current Year Audit Findings**

There are four findings for the current year audit for the year ended December 31, 2022.

**2022-001 Finding - Budget**

*Finding:* Actual revenues and other financing sources for the General Fund were less than budgeted amounts by more than 5%. In addition, the budget for 2022 was not adopted until December 2022 and was not advertised prior to being adopted.

*Criteria:* The Local Government Budget Act requires the annual budgets be amended when actual revenues and other financing sources are less than budgeted amounts by more than 5%. The Local Government Budget Act also required that the budget be adopted prior to the start of the fiscal year and that the budget be advertised prior to adoption.

*Cause:* The budget was not properly adopted and was not monitored and amended during the year.

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

*Recommendation:* We recommend a proper monitoring of budget to actual comparisons throughout the year and that budgets be appropriately amended when actual plus projected revenues and other financing sources are expected to be less than budgeted amounts by more than 5%. We further recommend that the budget be properly advertised and adopted, in accordance with the Local Government Budget Act.

*View of Responsible Officials and Planned Corrective Action:* The Town's budget for 2023 was adopted timely in accordance with the Local Government Budget Act. The Town will monitor its budget during the year and will appropriately amend the budget as deemed necessary.

**2022-002 Material Weakness – Accounts Receivable / Cash Receipts**

*Material Weakness:* Cash receipts for the Town's governmental and utility funds were not reconciled to the general ledger during the year. In addition, accounts receivable and customer deposit liability per the Town's subsidiary billing software for the Water and Sewer funds were not reconciled to the general ledger during the year. Billing adjustments per the subsidiary billing software were also not reviewed by someone independent of the collection process to ensure all adjustments entered were properly approved. Furthermore, there was not a complete monitoring of cash receipts documentation during the year by someone independent of the collection process.

*Criteria:* Internal controls should be in place to include a reconciliation of cash receipts for the Town's governmental and utility funds to the general ledgers during the year. Such reconciliation should include a review and reconciliation of receipts and adjustments per the Town's subsidiary billing software to the general ledgers. Controls should also include a review of cash receipts documentation by someone independent of the collection process.

Town of Plain Dealing  
Plain Dealing, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2022  
(Continued)

*Cause:* The Town was reviewing certain cash receipts documentation during the year but was not physically documenting a review. Documentation from subsidiary billing software was not being attached to daily work to allow for a proper monitoring.

*Effect:* Without a proper monitoring and reconciliation of cash receipts and billing adjustments to general ledgers/subsidiary documentation, material misstatements could occur and not be detected.

*Recommendation:* We recommend that cash receipts for the Town's governmental and utility funds be reconciled to the general ledger on a current basis throughout the year. In addition, accounts receivable and billing adjustments per the Town's subsidiary billing software for the Water and Sewer funds should be reconciled to the general ledger during the year by someone independent of the collection process.

*View of Responsible Officials and Planned Corrective Action:* The Town will implement procedures for ensuring that cash receipts for the Town's governmental and utility funds are reconciled to the general ledger on a current basis throughout the year. In addition, accounts receivable and billing adjustments per the Town's subsidiary billing software for the Water and Sewer funds will be reconciled to the general ledger during the year by someone independent of the collection process.

**2022-003 Finding – Fines**

*Finding:* During the year ended December 31, 2022, we noted that the portion of fines/court costs collected by the Town which was due to other agencies was not being remitted to those agencies.

*Criteria:* Various Louisiana revised statutes specify the portion of fines collected which are due to other agencies.

*Cause:* The Town was unaware of the amounts which are required to be remitted to other agencies.

*Effect:* Portions of fines/court costs received by the Town were not remitted to other agencies, as required by various Louisiana revised statutes.

*Recommendation:* We recommend that the Town review the various Louisiana revised statutes and determine the correct amounts to be remitted to various other agencies and remit those amounts on a monthly basis.

*View of Responsible Officials and Planned Corrective Action:* The Town will review the various Louisiana revised statutes and determine the correct amounts to be remitted to various other agencies and will begin remitting those amounts on a monthly basis.

(Continued)

Town of Plain Dealing  
Plain Dealing, Louisiana  
Summary Schedule of Prior Year Audit Findings  
Schedule for Louisiana Legislative Auditor  
December 31, 2022  
(Continued)

**2022-004 Significant Deficiency – Travel and Credit Card Payments**

*Significant Deficiency:* During our audit, we noted the following with respect to travel and credit card payments:

- Receipts totaling approximately \$4,161 were not attached to credit card payments.
- Eighteen (18) travel payments totaling approximately \$5,241 were made for mileage with no documentation noted regarding purpose of travel. For seven (7) of those payments, no locations were documented to substantiate the mileage claimed.

*Criteria:* Internal controls should be in place for ensuring that all travel and credit card payments are supported by detailed receipts of items purchased or details regarding mileage claimed, including the business purpose of each.

*Cause:* Controls were not in place for including supporting documentation, including business purposes, for credit card purchases and travel payments made.

*Effect:* Payments for travel and credit card charges were not always reviewed to ensure appropriate supporting documentation was attached to support the payments made.

*Recommendation:* We recommend that all credit card purchases be supported by itemized receipts regarding items purchased and the business purpose of each. We further recommend that all travel payments be supported by documented mileage and the business purpose of each payment made.

*View of Responsible Officials and Planned Corrective Action:* The Town will implement procedures for ensuring that credit card purchases are supported by itemized receipts regarding items purchased and the business purpose of each, and that travel payments are supported by documented mileage and the business purpose of each payment made.

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
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## Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Alderman  
Town of Plain Dealing  
Plain Dealing, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. The Town of Plain Dealing's management is responsible for those C/C areas identified in the SAUPs.

The Town of Plain Dealing has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2022 through December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### **1) Written Policies and Procedures**

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

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

Procedures performed. Noted the following exceptions:

*Exception:* The Town's policies and procedures do not include policies for Budgeting, Purchasing, Disbursements, Receipt Approvals, Payroll Processing and Pay Rate Approval, Contracting, Ethics, Debt Service, IT and Disaster recovery, and Sexual Harassment Training and Reporting.

## 2) **Board or Finance Committee**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-

to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. No exceptions noted.

### **3) Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. Noted the following exception:

*Exception:* The bank reconciliations selected for testing did not contain evidence that a member of management reviewed each bank reconciliation.

### **4) Collections (excluding electronic funds transfers)**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
  - i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.
- Procedures performed. No exceptions noted.

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

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

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. Noted the following exceptions:

*Exception:* The employee responsible for processing payments is also responsible for adding/modifying vendor files.

*Exception:* The employee responsible for processing payments also mails the payments out after management approval.

*Exception:* No written approval on electronic payments selected for testing

*Exception:* Five of the five invoices selected for testing did not contain evidence of management approval.

#### **6) Credit Cards/Debit Cards/Fuel Cards/P-Cards**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those

instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Procedures performed. Noted the following exceptions:

*Exception:* Five statements selected for testing did not contain evidence of management approval on the statement.

*Exception:* Seven receipts totaling \$2,601.74 from two credit card statements could not be located.

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. Noted the following exceptions:

*Exception:* One reimbursement selected for testing did not have supporting documentation.

*Exception:* Two reimbursements selected for testing were written to the Mayor and approved by the Mayor.

*Exception:* Two reimbursements selected for testing did not contain the business purpose.

*Exception:* One reimbursement selected for testing did not contain an approved request form.

## 8) Contracts

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

Procedures performed. No exceptions noted.

## 9) Payroll and Personnel

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

garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Procedures performed. No exceptions noted.

#### **10) Ethics**

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

Procedures performed. Noted the following exception:

*Exception:* Five employees selected for testing did not receive the required ethics training.

#### **11) Debt Service**

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

The Town did not issue any debt during the fiscal period.

The Town did not have any outstanding debt during the fiscal period.

#### **12) Fraud Notice**

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedures performed. No exceptions noted.

#### **13) Information Technology Disaster Recovery/Business Continuity**

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

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

We performed the procedures and discussed the results with management.

#### **14) Prevention of Sexual Harassment**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

Procedures performed. Noted the following exceptions:

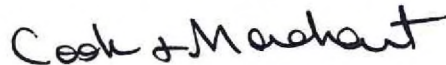
*Exception:* Five employees selected for testing did not receive the required ethics training.

*Exception:* The Town did not complete the required report for the current fiscal period.

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

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

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



Cook & Morehart  
Certified Public Accountants  
June 28, 2023

# TOWN OF PLAIN DEALING

*"Only Town in the World With Golden Rule Name"*

P.O. Box 426

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## OFFICIALS

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ROLANDRIA MCCAULEY, TOWN CLERK

DOUGLAS DOMINICK, ATTORNEY

RONNIE E. MURRAY, MARSHAL

## COUNCIL MEMBERS

JEFFERY BENSON

JUDITH MCGUFFEY

SHANITHIA L. GAY

JAMES COOK

EMILY B. JENNINGS

June 28, 2023

Cook & Morehart, CPAs

1215 Hawn Ave

Shreveport, LA 71107

The Town of Plain Dealing submits the following responses to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2022:

*Exception:* The Town's policies and procedures do not include policies for Budgeting, Purchasing, Disbursements, Receipt Approvals, Payroll Processing and Pay Rate Approval, Contracting, Ethics, Debt Service, IT and Disaster recovery, and Sexual Harassment Training and Reporting.

*Response:* The Town will update its policies and procedures to include the areas noted above.

*Exception:* The bank reconciliations selected for testing did not contain evidence that a member of management reviewed each bank reconciliation.

*Response:* The Town will begin initialing each bank reconciliation to denote their review and approval of the reconciliations.

*Exception:* The employee responsible for processing payments also mails the payments out after management approval.

*Response:* The Town will consider alternate controls in this area.

*Exception:* No written approval on the electronic payments selected for testing.

*Response:* Management will implement procedures for reviewing and approving electronic payments prior to disbursement.

*Exception:* The employee responsible for processing payments is also responsible for adding/modifying vendor files.

*Response:* All payments are approved by management prior to disbursement.

*Exception:* Five of the five invoices selected for testing did not contain evidence of management approval.

*Response:* Management will physically approve invoices. All payments are approved by management prior to disbursement.

*Exception:* Five credit card statements selected for testing did not contain evidence of management approval on the statement.

*Response:* Management will physically document review on statements in the future. All payments are approved by management.

*Exception:* Seven receipts totaling \$2,601.74 from two credit card statements could not be located.

*Response:* Credit card statements will be reconciled to supporting receipts/documentation prior to payment. All payments are approved by management.

*Exception:* One reimbursement selected for testing did not have supporting documentation.

*Response:* Management will ensure that supporting documentation is attached for all travel payments.

*Exception:* Two reimbursements selected for testing were written to the Mayor and approved by the Mayor.

*Response:* Management will establish procedures for having the Mayor's travel expenditures approved by another individual.

*Exception:* Two reimbursements selected for testing did not contain the business purpose.

*Response:* Management will ensure that travel expenditures contain a clearly documented business purpose.

*Exception:* One reimbursement selected for testing did not contain an approved request form.

*Response:* Management will adhere to their policies for utilizing request forms for all travel reimbursements.

*Exception:* Five of the employees selected for testing did not receive the required ethics training.

*Response:* The Town will ensure all employees receive the required training

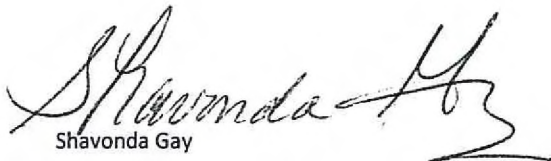
*Exception:* Five of the employees selected for testing did not receive the required prevention of sexual harassment training.

*Response:* The Town will ensure all employees receive the required training

*Exception:* The Town did not complete the required sexual harassment report for the current fiscal period.

*Response:* The Town will complete the report annually.

Sincerely,

A handwritten signature in black ink, appearing to read "Shavonda Gay", followed by a stylized flourish.

Mayor

" This institution is an equal opportunity provider."