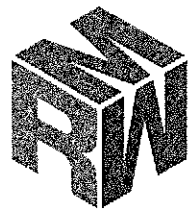


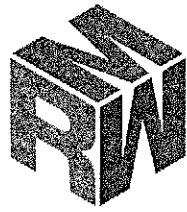
TOWN OF COLFAX
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021



Rozier McKay
& Willis | CERTIFIED PUBLIC
ACCOUNTANTS |

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-3
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENTAL AUDITING STANDARDS</i>	4-5
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	
Management's Discussion and Analysis.....	6-10
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Activities	12
FUND FINANCIAL STATEMENTS	
Governmental Funds	
Balance Sheet.....	13
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance	15-16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	17
Proprietary Funds	
Statement of Net Position.....	18
Statement of Revenues, Expenditures, and Changes in Fund Net Position	19
Statement of Cash Flows.....	20-21
NOTES TO THE FINANCIAL STATEMENTS	22-40
REQUIRED SUPPLEMENTAL INFORMATION (PART II)	
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balances (Budget and Actual)	41
Schedule of Net Pension Liability Data.....	42
Schedule of Employer Contributions.....	43
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Compensation Paid to Board Members	44
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	45
Justice System Funding Schedule – Collecting/Disbursing Entity.....	46
Schedule of Findings.....	47
Management's Corrective Action Plan.....	48
Summary of Prior Year Findings	49



**Rozier McKay
& Willis** | CERTIFIED PUBLIC
ACCOUNTANTS

November 1, 2021

Independent Auditors' Report

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
Town of Colfax, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

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

OTHER SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Colfax's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

- Schedule of Compensation Paid to Board Members
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer
- Justice System Funding Schedule – Collecting/Disbursing Entity As Required by Act 87 of the 2020 Regular Legislative Session – Cash Basis Presentation

The other supplementary information is the responsibility of management and is 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

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
November 1, 2021

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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2021, on our consideration of the Town of Colfax's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Colfax's internal control over financial reporting and compliance.



ROZIER, MCKAY & WILLIS
Certified Public Accountants
Alexandria, LA
November 1, 2021



November 1, 2021

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

The Honorable Gerald Hamilton, Mayor
And the Board of Alderman
Town of Colfax, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Colfax, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Colfax's basic financial statements, and have issued our report herein dated November 1, 2021.

Internal Control over Financial Reporting

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

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

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

-Members-

American Institute of Certified Public Accountants • Society of Louisiana CPAs

The Honorable Gerald Hamilton, Mayor
and the Board of Aldermen
November 1, 2021

identified one significant deficiency in internal control; Finding 2021-001; described in the accompanying schedule of findings that we consider to be a significant deficiency in internal control. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

Town of Colfax's Response to Findings

The Town of Colfax's response to the findings identified in our audit is described in the accompanying management's corrective action plan. The Town of Colfax's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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



ROZIER, McKAY & WILLIS
Certified Public Accountants
Alexandria, LA
November 1, 2021

Town of Colfax

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

This section of the Town of Colfax's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2021.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government –Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with the utility system and sanitation services are reported as business type activities.

Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's utility system and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:

	June 30, 2021			For the Year Ended June 30, 2020
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and other assets	\$ 306,416	\$ 371,263	\$ 677,679	\$ 431,471
Capital assets	968,631	2,435,697	3,404,328	3,509,628
Total assets	<u>1,275,047</u>	<u>2,806,960</u>	<u>4,082,007</u>	<u>3,941,099</u>
Deferred Outflows	<u>44,293</u>	<u>37,483</u>	<u>81,776</u>	<u>141,968</u>
<u>Liabilities:</u>				
Current and other liabilities	48,591	155,995	204,586	190,973
Long-term liabilities	327,585	204,996	532,581	598,714
Total liabilities	<u>376,176</u>	<u>360,991</u>	<u>737,167</u>	<u>789,687</u>
Deferred Inflows	<u>30,088</u>	<u>22,259</u>	<u>52,347</u>	<u>38,359</u>
<u>Net Position:</u>				
Invested in Capital Assets (Net)	968,631	2,435,697	3,404,328	3,509,628
Unrestricted	(55,555)	25,496	(30,059)	(254,607)
Total Net Position	<u>\$ 913,076</u>	<u>\$ 2,461,193</u>	<u>3,374,269</u>	<u>3,255,021</u>

As the presentation appearing above demonstrates, the Town's net position is invested entirely in capital assets. Net assets invested in capital assets consist of land, buildings, and equipment less any debt used to acquire the assets that remain outstanding. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending. The Town has a deficit in Unrestricted Net Position of \$30,059. This deficit is primarily caused by Net Pension Liabilities, which are classified as long-term and not expected to arise for many years. Accordingly, the Town has sufficient assets to meet its ongoing obligations to creditors and other interested parties for the foreseeable future.

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

	June 30, 2021			For the Year Ended June 30, 2020
	Govern- mental Activities	Business-Type Activities	Total	
<u>Revenues:</u>				
Program Revenue:				
Charges for Services	\$ 16,741	\$ 906,892	\$ 923,633	\$ 882,353
Operating Grants and Contributions	1,685	----	1,685	13,117
Capital Grants and Contributions	----	56,727	56,727	----
General Revenue:				
Property Taxes	117,431	----	117,431	112,498
Sales Taxes	432,390	----	432,390	374,948
Franchise Taxes	47,655	----	47,655	52,271
Occupational Licenses	63,956	----	63,956	53,966
Payment in Lieu of Taxes	11,332	----	11,332	9,532
Miscellaneous	32,060	192	32,252	25,565
Total Revenue	<u>723,250</u>	<u>963,811</u>	<u>1,687,061</u>	<u>1,524,250</u>
<u>Program Expenses:</u>				
General Government	238,514	----	238,514	277,225
Public Safety	161,960	----	161,960	241,109
Streets, Drainage, and Recreation	263,631	----	263,631	332,590
Utility System	----	810,178	810,178	873,094
Sanitation	----	93,530	93,530	92,061
Total Expenses	<u>664,105</u>	<u>903,708</u>	<u>1,567,813</u>	<u>1,816,079</u>
Increase in Net Position Before Transfers	59,145	60,103	119,248	(291,829)
Transfers	14,184	(14,184)	----	----
Change in Net Position	<u>73,329</u>	<u>45,919</u>	<u>119,248</u>	<u>(291,829)</u>
Net Position Beginning – As Originally Reported	839,747	2,415,274	3,255,021	3,705,859
Prior Period Adjustment	----	----	----	(159,009)
Net Position Beginning – As Restated	839,747	2,415,274	3,255,021	3,546,850
<u>Net Position Ending</u>	<u>\$ 913,076</u>	<u>\$ 2,461,193</u>	<u>\$ 3,374,269</u>	<u>\$ 3,255,021</u>

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Governmental activities increased the Town's net position by \$73,329. This increase is attributable to prudent management of the Town's resources.

Business-type activities increased the Town's net position by \$45,919. This increase is primarily attributable to an increase in service charges, as well as decreases in some operating expenditures.

Financial Analysis of the Town's Funds

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$257,825, which represents an increase of \$135,290 in comparison to the previous balance. This increase is primarily attributable to an increase in sales tax collections, and prudent management of town resources.
- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported on the government-wide presentation.

General Fund Budget Highlights

The general fund is the only fund required by law to adopt a budget. The budget was amended as necessary. Some revisions of the original budget were necessary in order to address additional revenues and expenditures not anticipated with the original budget. A summary of the general fund budget compared to actual amounts is presented as follows:

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues	\$ 640,400	\$ 682,800	\$ 723,250	\$ 40,450
Total Expenditures	640,400	800,335	602,144	198,191
Excess (deficiency) of revenues over expenditures	---	(117,535)	121,106	238,641
Operating Transfers In (net)	9,600	(5,000)	14,184	19,184
Net Change in Fund Balances	\$ 9,600	\$ (122,535)	\$ 135,290	\$ 257,825

TOWN OF COLFAX

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Capital Asset Administration

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

	Governmental Activities	Business-Type Activities	Total Activities
<u>Additions:</u>			
Construction in Process	\$ ----	\$ ----	\$ ----
Buildings	----	----	----
Distribution and Equipment	3,500	72,183	75,683
Total Additions	<u>3,500</u>	<u>72,183</u>	<u>75,683</u>
Depreciation	<u>(48,832)</u>	<u>(132,150)</u>	<u>(180,982)</u>
Net Increase (Decrease)	(45,332)	(59,967)	(105,299)
Beginning Capital Asset (Net)	1,013,964	2,495,664	3,509,628
Ending Capital Assets (Net)	<u>\$ 968,631</u>	<u>\$ 2,435,697</u>	<u>\$ 3,404,328</u>

Highlights of the Town's capital asset administration are provided as follows:

- Governmental Activities: Capital Additions were limited to minor equipment purchases.
- Business-type Activities: In the current year, the Town purchased a utility vehicle, and made various equipment upgrades.

Debt Administration

Activity was limited to making required payments on existing long-term obligations.

Factors Expected to Affect Future Operations

The Town is expecting to incur capital expenditures to construct a new water well for the Town's utility system, with funding provided by the USDA. Loans issued and grants awarded by the USDA are expected to amount to over \$2,000,000 in the aggregate. Work on the new water well is expected to begin in the next fiscal year. There are no other factors expected to have a significant impact on future operations at the present time.

Town of Colfax

STATEMENT OF NET POSITION

June 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 201,120	\$ 257,193	\$ 458,313
Receivables (net)	105,296	114,070	219,366
Capital Assets:			
Non depreciable capital assets	207,068	6,232	213,300
Depreciable, net	<u>761,563</u>	<u>2,429,465</u>	<u>3,191,028</u>
Total assets	<u>1,275,047</u>	<u>2,806,960</u>	<u>4,082,007</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Funding Deferrals	<u>44,293</u>	<u>37,483</u>	<u>81,776</u>
<u>LIABILITIES</u>			
Accounts payable and other payables	48,591	44,604	93,195
Deposits due others	-	111,391	111,391
Long-term liabilities			
Aggregate net pension liability	167,411	195,493	362,904
Long -Term Debt			
Due within one year	10,601	-	10,601
Due in more than one year	<u>149,573</u>	<u>9,503</u>	<u>159,076</u>
Total liabilities	<u>376,176</u>	<u>360,991</u>	<u>737,167</u>
<u>DEFERRED INFLOWS</u>			
Pension Funding Deferrals	<u>30,088</u>	<u>22,259</u>	<u>52,347</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	968,631	2,435,697	3,404,328
Unrestricted	<u>(55,555)</u>	<u>25,496</u>	<u>(30,059)</u>
Total net position (deficit)	<u>\$ 913,076</u>	<u>\$ 2,461,193</u>	<u>\$ 3,374,269</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 238,514	\$ -	\$ -	\$ -	\$ (238,514)	\$ -	\$ (238,514)
Public Safety	161,960	16,741	1,685	-	(143,534)	-	(143,534)
Streets, Drainage, & Recreation	263,631	-	-	-	(263,631)	-	(263,631)
Total Governmental Activities	664,105	16,741	1,685	-	(645,679)	-	(645,679)
<u>Business-Type Activities:</u>							
Utility System	810,178	812,236	-	56,727	-	58,785	58,785
Sanitation	93,530	94,656	-	-	-	1,126	1,126
Total Business-Type Activities	903,708	906,892	-	56,727	-	59,911	59,911
Total Primary Government	\$ 1,567,813	\$ 923,633	\$ 1,685	\$ 56,727	(645,679)	59,911	(585,768)
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					117,431	-	117,431
Sales Taxes					432,390	-	432,390
Franchise					47,655	-	47,655
Occupational Licenses					63,956	-	63,956
Payment in lieu of taxes					11,332	-	11,332
Other					32,060	192	32,252
Transfers					14,184	(14,184)	-
Total General Revenues and Transfers					719,008	(13,992)	705,016
Change in Net Assets					73,329	45,919	119,248
Net Position Beginning					839,747	2,415,274	3,255,021
Net Position Ending					\$ 913,076	\$ 2,461,193	\$ 3,374,269

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Balance Sheet

Governmental Funds - June 30, 2021

	<u>General</u>	<u>Non-Major</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 201,120	\$ -	\$ 201,120
Receivables (net)	105,296	-	105,296
Interfund Due To/From	-	-	-
Total assets	<u>\$ 306,416</u>	<u>\$ -</u>	<u>\$ 306,416</u>
<u>Liabilities and fund equity</u>			
<u>Liabilities:</u>			
Accounts and other payables	\$ 45,550	\$ -	\$ 45,550
Accrued expenses	3,041	-	3,041
Total liabilities	<u>48,591</u>	<u>-</u>	<u>48,591</u>
<u>Fund equity:</u>			
Unassigned	<u>257,825</u>	<u>-</u>	<u>257,825</u>
Total fund equity	<u>257,825</u>	<u>-</u>	<u>257,825</u>
Total liabilities and fund equity	<u>\$ 306,416</u>	<u>\$ -</u>	<u>\$ 306,416</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2021

Total Fund Balances - Governmental Funds	\$	257,825
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		968,631
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet		<u>(313,380)</u>
Net Position of Governmental Activities	\$	<u>913,076</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2021

	General Fund	Non-Major	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 117,431	\$ -	\$ 117,431
Sales tax	432,390	-	432,390
Licenses and permits:			
Occupational licenses	63,956	-	63,956
Franchise	47,655	-	47,655
Fines and fees	16,741	-	16,741
Intergovernmental:			
Beer tax	2,905	-	2,905
Payment in lieu of taxes	11,332	-	11,332
Other intergovernmental	1,685	-	1,685
Other	29,155	-	29,155
Total revenues	723,250	-	723,250
Expenditures:			
Current:			
General government	242,051	-	242,051
Public safety	119,841	-	119,841
Streets, drainage, and recreation	226,151	-	226,151
Debt Service	10,601	-	10,601
Capital outlays	3,500	-	3,500
Total expenditures	602,144	-	602,144
Excess (deficiency) of revenues over expenditures	121,106	-	121,106

Continued...

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2021

	General	Non-Major	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	121,106	-	121,106
<u>Other financing sources (uses):</u>			
Operating transfers in	122,671	-	122,671
Operating transfers out	(108,487)	-	(108,487)
Total other financing sources (uses)	14,184	-	14,184
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	135,290	-	135,290
Fund balance - beginning of year	122,535	-	122,535
Fund balance - end of year	\$ 257,825	\$ -	\$ 257,825

The accompanying notes are an integral part of the financial statements.

Town of Colfax

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

Year Ended June 30, 2021

Net change in fund balances of Governmental Funds \$ 135,290

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 estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital expenditures reported by Governmental Funds	3,500	
Depreciation expense reported on a government-wide basis	<u>(48,832)</u>	(45,332)

Repayment of Long Term Debt is an expenditure in the governmental funds, but the repayment reduces long term liabilities in the statement of net position	10,601
---	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	<u>(27,230)</u>
---	-----------------

Change in net position of governmental activities	<u><u>\$ 73,329</u></u>
---	-------------------------

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Net Position

Proprietary Funds - Year Ended June 30, 2021

	Business-Type Activities		
	Utility System	Sanitation System	Total
Assets			
Current Assets:			
Cash and cash equivalents	\$ 257,193	\$ -	\$ 257,193
Receivables (net)	100,192	13,878	114,070
Total current assets	<u>357,385</u>	<u>13,878</u>	<u>371,263</u>
Noncurrent Assets:			
Non-Depreciable capital assets			
Land	6,232	-	6,232
Construction in Progress	-	-	-
Depreciable capital assets, net	2,429,465	-	2,429,465
Total noncurrent assets	<u>2,435,697</u>	<u>-</u>	<u>2,435,697</u>
Total assets	<u>2,793,082</u>	<u>13,878</u>	<u>2,806,960</u>
Deferred Outflows			
Employer contributions to pension plan	<u>37,483</u>	<u>-</u>	<u>37,483</u>
Liabilities:			
Current Liabilities:			
Accounts and other payables	44,604	-	44,604
Accrued expenses	-	-	-
Deposits due others	111,391	-	111,391
Compensated Absences	9,503	-	9,503
Total Current Liabilities	<u>165,498</u>	<u>-</u>	<u>165,498</u>
Noncurrent Liabilities			
Aggregate net pension liability	<u>195,493</u>	<u>-</u>	<u>195,493</u>
Total Noncurrent Liabilities	<u>195,493</u>	<u>-</u>	<u>195,493</u>
Total liabilities	<u>360,991</u>	<u>-</u>	<u>360,991</u>
Deferred Inflows:			
Pension funding deferrals	<u>22,259</u>	<u>-</u>	<u>22,259</u>
Net Position:			
Invested in capital assets, net of related debt	2,435,697	-	2,435,697
Unrestricted	<u>11,618</u>	<u>13,878</u>	<u>25,496</u>
Total net position	<u>\$ 2,447,315</u>	<u>\$ 13,878</u>	<u>\$ 2,461,193</u>

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2021

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Operating Revenues:</u>			
Charges for services:			
Gas sales	\$ 244,796	\$ -	\$ 244,796
Water sales	335,898	-	335,898
Sewer charges	189,296	-	189,296
Sanitation charges	-	94,656	94,656
Delinquent charges	32,400	-	32,400
Miscellaneous	9,846	-	9,846
Total operating revenues	812,236	94,656	906,892
<u>Operating Expenses:</u>			
Natural gas purchases	82,387	-	82,387
Salaries and wages	101,692	-	101,692
Contract Labor	-	92,049	92,049
Materials, supplies, and maintenance	367,808	-	367,808
Office and postage	7,948	-	7,948
Payroll taxes	7,613	-	7,613
Retirement	5,654	-	5,654
Vehicle and travel	3,409	-	3,409
Insurance	15,277	-	15,277
Professional fees	4,710	-	4,710
Bad Debt Expense	-	1,481	1,481
Miscellaneous	7,586	-	7,586
Lease	7,150	-	7,150
Utilities and telephone	66,794	-	66,794
Depreciation	132,150	-	132,150
Total operating expenses	810,178	93,530	903,708
Operating income (loss)	2,058	1,126	3,184
<u>Non-operating revenues (expenses):</u>			
Capital Grant Proceeds	56,727	-	56,727
Interest income	192	-	192
Change in net assets before			
Contributions and transfers	58,977	1,126	60,103
<u>Contributions and Transfers:</u>			
Operating Transfers In	111,932	-	111,932
Operating Transfers Out	(122,671)	(3,445)	(126,116)
Change in net position	48,238	(2,319)	45,919
Net Position Beginning	2,399,077	16,197	2,415,274
Total net position - ending	\$ 2,447,315	\$ 13,878	\$ 2,461,193

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2021

	Business-Type Activities		
	Utility System	Sanitation System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 820,591	\$ 96,975	\$ 917,566
Cash payments to suppliers of goods and services	(569,966)	(93,530)	(663,496)
Cash payments to employees for service	(102,295)	-	(102,295)
Net cash provided (used) by operating activities	148,330	3,445	151,775
<u>Cash flows from non-capital financing activities:</u>			
Interfund activity, net	-	-	-
Operating transfers, net	(10,739)	(3,445)	(14,184)
Net cash provided (used) by non-capital financing activities	(10,739)	(3,445)	(14,184)
<u>Cash flows from capital and related financing activities:</u>			
Acquisition and construction of capital assets	(72,183)	-	(72,183)
Capital Grant Proceeds	56,727	-	56,727
Net cash provided (used) by capital and related financing activities	(15,456)	-	(15,456)
<u>Cash flows from investing activities:</u>			
Interest and other income	192	-	192
Net cash provided (used) by investing activities	192	-	192
Net increase (decrease) in cash	122,327	-	122,327
Beginning cash balance	134,866	-	134,866
Ending cash balance	257,193	-	257,193
Cash - restricted	-	-	-
Cash - unrestricted	\$ 257,193	\$ -	\$ 257,193

The accompanying notes are an integral part of the financial statements.

Town of Colfax

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2021

	<u>Business-Type Activities</u>		
	<u>Utility</u>	<u>Sanitation</u>	<u>Total</u>
	<u>System</u>	<u>System</u>	
<u>Reconciliation of operating income (loss) to net cash</u>			
Operating Income (loss)	\$ 2,058	\$ 1,126	\$ 3,184
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	132,150	-	132,150
(Increase) decrease in accounts receivable	5,204	2,319	7,523
(Increase) decrease in prepaid expenses	-	-	-
(Decrease) increase in accounts payable	14,348	-	14,348
(Decrease) increase in accrued expenses	-	-	-
(Decrease) increase in meter deposits	3,151	-	3,151
(Decrease) increase in net pension liability	(7,978)	-	(7,978)
(Decrease) increase in compensated absences	(603)	-	(603)
Net cash provided (used) by operating activities	<u>\$ 148,330</u>	<u>\$ 3,445</u>	<u>\$ 151,775</u>

Supplemental disclosures of cash flow information:

For the years ended June 30, 2021 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

The accompanying notes are an integral part of the financial statements.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Colfax, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety, streets and drainage, recreation, public improvements, utility (gas, water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Colfax, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

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

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

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the Town to impose its will on that organization, and/or
 - 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.

Based upon the above criteria, the Town of Colfax has no component units for the year ended June 30, 2021.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most inter-fund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

- Governmental Funds
 - General fund – The general fund is the primary operating fund and is used to account for all governmental activities.
- Proprietary Funds
 - Utility System – The utility fund is used to account for the operation of the Town's water, sewer, and natural gas system which are supported by user charges.
 - Sanitation Fund – The Sanitation Fund is used to account for the operation of the Town's sanitation department, and is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No measurement focus

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other-financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from fines and court cost are not recognized until they are collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Fund Balance Classification

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

TOWN OF COLFAX

Notes to Financial Statements **June 30, 2021**

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2021, cash and cash equivalents totaled \$458,313 (book balance) and \$475,059 (bank balance). The book balance is considered unrestricted.

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

At June 30, 2021, the Town's bank deposits are secured from risk by \$250,000 of federal deposit insurance and \$412,054 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Town that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - RECEIVABLES

Receivables at June 30, 2021, consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ----	\$ 126,244	\$ 126,244
Franchise Taxes	10,962	----	10,962
Occupational License	----	----	----
Other	----	----	----
Total Accounts Receivables	<u>10,962</u>	<u>126,244</u>	<u>137,206</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	82,035	----	82,035
Other	12,299	----	12,299
Total Due From Other Governmental Units	<u>94,334</u>	<u>----</u>	<u>94,334</u>
Total Receivables	105,296	126,244	231,540
Allowance for Doubtful Accounts	----	(12,174)	(12,174)
Net Receivables	<u>\$ 105,296</u>	<u>\$ 114,070</u>	<u>\$ 219,366</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

NOTE 4 – LONG –TERM LIABILITIES

Any debt attributable to the acquisition of the Town’s utility system and the operation of the utility system is reported as an obligation of the Town’s business-type enterprise funds. Remaining debts are reported as governmental activities. The Town’s debts are summarized as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Long-Term Liabilities</u>			
Compensated Absences	\$ 14,416	\$ 9,503	\$ 23,919
Notes Payable	145,758	----	145,758
Capital Lease	----	----	----
Total Long-term Debt	160,174	9,503	169,677
Due Within One Year	10,601	----	10,601
Due in More Than One Year	<u>\$ 149,573</u>	<u>\$ 9,503</u>	<u>\$ 159,076</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated absences	\$ 16,854	\$ ----	\$ 2,438	\$ 14,416
Notes Payable	156,359	----	10,601	145,758
Total Governmental Activities	<u>\$ 173,213</u>	<u>\$ ----</u>	<u>\$ 13,039</u>	<u>\$ 160,174</u>
<u>Business-Type Activities</u>				
Compensated Absences	10,106	----	603	9,503
Total Business-Type Activities	<u>10,106</u>	<u>----</u>	<u>603</u>	<u>9,503</u>
Total Long-Term Liabilities	<u>\$ 183,319</u>	<u>\$ ----</u>	<u>\$ 13,642</u>	<u>\$ 169,677</u>

Notes Payable

On April 14, 2020 the Town of Colfax resolved to make incremental payments to the U.S. Army Corps of Engineers for the Town of Colfax’s total cost share for services rendered on behalf of the Town for the Aloha-Rigolette Louisiana Flood Control Project, pursuant to a Project Cooperation Agreement dated September 19, 1994. The total principal of \$159,008.75 is to be repaid in 180 monthly payments of \$883.39. The Corps accepted the terms on August 25, 2020, retroactive to the resolution date of April 14, 2020. \$145,758 was outstanding on this obligation as of June 30, 2021.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2021***

Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30th</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2022	10,601	----	----	----
2023	10,601	----	----	----
2024	10,601	----	----	----
2025	10,601	----	----	----
2026	10,601	----	----	----
2027 – 2031	53,003	----	----	----
2032 – 2035	39,750	----	----	----
<u>Total Governmental</u>	<u>\$ 145,758</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ ----</u>

NOTE 5 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Grant Parish.

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 late November or December.

Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2021, the Town levied 13.99 mills of ad valorem taxes totaling \$117,431 which were dedicated to the general corporate purposes of the Town.

NOTE 6 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ ----	\$ ---	\$ ----
Land	207,068	----	----	207,068
Total	<u>207,068</u>	<u>----</u>	<u>----</u>	<u>207,068</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

	Beginning Balance	Additions	Disposals	Ending Balance
Depreciable Capital Assets				
Buildings	44,322	----	----	44,322
Improvements	1,787,450	----	----	1,787,450
Equipment	465,764	3,500	----	469,264
Accumulated Depreciation	(1,490,641)	(48,832)	----	(1,539,473)
Total	<u>806,896</u>	<u>(45,332)</u>	<u>----</u>	<u>761,563</u>
Total Governmental Activities	<u>\$ 1,013,963</u>	<u>\$ (45,332)</u>	<u>\$ ----</u>	<u>\$ 968,631</u>
<u>Business-Type Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ ----	\$ ----	\$ ----
Land	<u>6,232</u>	<u>----</u>	<u>----</u>	<u>6,232</u>
Total	<u>6,232</u>	<u>----</u>	<u>----</u>	<u>6,232</u>
Depreciable Capital Assets				
Sanitation Equipment	37,254	----	----	37,254
Sanitation Improvements	2,024	----	----	2,024
Utility Buildings	91,631	----	----	91,631
Utility Equipment	157,719	27,772	----	185,491
Utility Distribution System	6,174,098	44,411	----	6,218,509
Accumulated Depreciation	(3,973,294)	(132,150)	----	(4,105,444)
Total	<u>2,489,432</u>	<u>(59,967)</u>	<u>----</u>	<u>2,429,465</u>
Total Business-Type Activities	<u>\$ 2,495,664</u>	<u>\$ (59,967)</u>	<u>\$ ----</u>	<u>\$ 2,435,697</u>

Depreciation expense reported by the various functions is presented as follows:

Governmental Activities

General Government	\$ 1,087
Public Safety	9,634
Streets, Drainage, & Recreation	<u>38,111</u>
Total Depreciation – Governmental Activities	<u>\$ 48,832</u>

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

Business-Type Activities

Utility System	\$ 132,150
Sanitation	----
Total Depreciation – Business-Type Activities	<u>\$ 132,150</u>

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2021:

	<u>Payable to Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 45,550	\$ 3,041	\$ 48,591
LCDBG Fund	----	----	----
Total Governmental	<u>\$ 45,550</u>	<u>\$ 3,041</u>	<u>\$ 48,591</u>
<u>Business-Type Activities</u>			
Utility System	44,604	----	44,604
Sanitation System	----	----	----
Total Business-Type	<u>44,604</u>	<u>----</u>	<u>44,604</u>
Total Accounts Payable And Accrued Expenses	<u>\$ 90,154</u>	<u>\$ 3,041</u>	<u>\$ 93,195</u>

NOTE 8 - RISK MANAGEMENT

The Town of Colfax 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. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 9 – CONDUIT DEBT

To provide for the construction of a warehouse/distribution facility, land and infrastructure improvements, the Town of Colfax issued \$2,300,000 of indebtedness to the Louisiana Department of Economic Development. This debt is a limited special obligation of the Town, payable solely from and secured by a pledge of rental income to be received from a lease agreement between the Town and Ditto Apparel of California, Inc. This debt does not constitute a debt or pledge of the faith and credit of the Town, and accordingly has not been reported in the accompanying financial statements. At June 30, 2021, the balance of the debt outstanding aggregated \$200,000.

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2021***

NOTE 10 - TRANSFERS

In the ordinary course of business, the Town routinely transfers resources between its funds in order to cover expenses as necessary. The transfers are presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Activities			
General Fund	\$ 122,671	\$ (108,487)	\$ 14,184
Non-Major	----	----	----
Total Transfers Out	\$ 122,671	\$ (108,487)	\$ 14,184
Business-Type Activities			
Utility System	111,932	(122,671)	(10,739)
Sanitation Fund	----	(3,445)	(3,445)
Total Transfers Out	111,932	(126,116)	(14,184)
Net Transfers	\$ 234,603	\$ (234,603)	\$ ----

NOTE 11- PENSION PLANS

Substantially all employees of the Town of Colfax, Louisiana, are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Information regarding each plan is presented as follows:

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Police Employees' Retirement System	\$ 111,038	\$ 19,971	\$ 15,645
Municipal Employees' Retirement System	251,866	61,805	36,703
Total	362,904	81,776	52,348
Portion Applicable to Business Type Activities	195,493	37,483	22,259
Portion Applicable to Governmental Type Activities	\$ 167,411	\$ 44,293	\$ 30,089

Municipal Employees' Retirement System of Louisiana

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

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

Any member of Plan B who commenced participation in the system prior to January 1, 2013 can retire providing he meets one of the following criteria:

- 1.) Any age with thirty (30) years of creditable service.
- 2.) At 60 with a minimum of ten (10) or more years of creditable service
- 3.) At any age with ten (10) years of creditable service eligible for disability benefits
- 4.) Survivor's benefits require five (5) years creditable service at death of member.

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

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

- 1.) Seven years or more of service, at age sixty-seven (67) or thereafter.
- 2.) Ten years or more of service, at age sixty-two (62) or thereafter.
- 3.) Thirty years or more of service, at age fifty-five (55) or thereafter.
- 4.) Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

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

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be found by visiting the System's website, at mersla.com.

=

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Colfax is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities. The contribution requirements of plan members and the Town of Colfax are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the system were equal to the required contributions for the year.

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 268,596,718
Plan Fiduciary Net Position	\$ 177,974,097
Net Pension Liability	\$ 90,622,621
Town’s Proportionate Share (Percentage)	0.277928%
Town’s Proportionate Share (Amount)	<u>\$ 251,866</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town’s proportionate share of Plan’s net pension liability during the measurement period ending June 30, 2020 are provided as follows:

Beginning Net Pension Liability	\$ 298,596
Employer Contributions	(30,500)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	45,693
Changes in Proportion	(28,380)
Employee Contributions	<u>(7,729)</u>
Changes in Deferred Outflows of Resources	(18,678)
Changes in Deferred Inflows of Resources	<u>(7,136)</u>
Ending Net Pension Liability	<u>\$ 251,866</u>

There were no changes between June 30, 2021 and the Plan’s measurement date that are expected to have a significant effect on the Town’s proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

TOWN OF COLFAX

Notes to Financial Statements **June 30, 2021**

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Amounts
Differences Between Expected and Actual Experience	\$ ----	\$ 4,238	(4,238)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	27,345	----	27,345
Changes of Assumptions	7,805	----	7,805
Changes in Proportion	4,176	32,465	(28,289)
Employer Contributions Made After the Measurement Date	22,479	----	22,479
Total Deferrals	61,805	36,703	25,102
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(22,479)	----	(22,479)
Deferrals Subject to Amortization	<u>\$ 39,326</u>	<u>\$ 36,703</u>	<u>2,623</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2021	\$ 655
June 30, 2022	(8,267)
June 30, 2023	6,230
June 30, 2024	4,005
Total	<u>\$ 2,623</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 2013 through June 30, 2018.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

Expected Remaining Services Lives	3 Years
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of investment expense, Including Inflation
Projected Salary Increases	4.90% (2.50% Inflation, 2.40% Merit)
Mortality Rates -Annuitant and Beneficiary	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Nominal Return		7.00%

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

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 the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 5.95% Discount Rate	Current Discount Rate 7.0%	1% Increase 7.95% Discount Rate
Net Pension Liability	\$ 335,279	\$ 251,866	\$ 181,285

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are eligible to participate in the System. Members of the system before January 1, 2013 are eligible for regular retirement after 25 years of creditable service at any age, 20 years of creditable service after age 50, or 12 years of creditable service after age 55. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse.

For membership after January 1, 2013, member eligibility for regular retirement, early retirement, disability, and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty subplans. 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 of 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 member, or disability retiree, the plan provides for surviving spouses and minor children, subject to certain conditions outlined in the statutes.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report can be found by visiting the System's website, at lampers.org.

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

TOWN OF COLFAX

Notes to Financial Statements **June 30, 2021**

For the year ended June 30, 2020, total contributions due from employers and employees was 40.25 % for Non-Hazardous Duty Members hired after January 1, 2013, and 42.25% for all other members. 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 32.25% and 10% respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013, were 32.25% and 8.0 % 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 34.75% and 7.5% respectively.

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 were recognized as revenue during the year ended June 30, 2020, and excluded from pension expense.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available standalone financial report. The financial report includes information about the plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The plans net pension liability was determined at June 30, 2020 (measurement date and actuarial valuation date) and details are provided as follows:

Total Pension Liability	\$ 3,180,974,031
Plan Fiduciary Net Position	\$ 2,256,740,977
Net Pension Liability	\$ 924,233,054
Town’s Proportionate Share (Percentage)	0.012014 %
Town’s Proportionate Share (Amount)	<u>\$ 111,038</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the Town’s proportionate share of Plan’s net pension liability during the measurement period ending June 30, 2020 are provided as follows:

Beginning Net Pension Liability	\$ 116,799
Employer Contributions	(12,088)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	40,580
Changes in Proportion	----
Employee Contributions	<u>(2,619)</u>
Changes in Deferred Outflows of Resources	(24,781)
Changes in Deferred Inflows of Resources	<u>(6,853)</u>
Ending Net Pension Liability	<u>\$ 111,038</u>

There were no changes between June 30, 2021 and the Plan’s measurement date that are expected to have a significant effect on the Town’s proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

TOWN OF COLFAX

Notes to Financial Statements

June 30, 2021

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Amounts</u>
Differences Between Expected and Actual Experience	\$ ----	\$ 4,374	(4,374)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	13,321	----	13,321
Changes of Assumptions	2,639	2,740	(101)
Changes in Proportion	----	8,531	(8,531)
Employer Contributions Made After the Measurement Date	4,011	----	4,011
Total Deferrals	19,971	15,645	4,326
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	(4,011)	----	(4,011)
Deferrals Subject to Amortization	<u>\$ 15,960</u>	<u>\$ 15,645</u>	<u>315</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2021	\$ (3,209)
June 30, 2022	244
June 30, 2023	746
June 30, 2024	2,534
Total	<u>\$ 315</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 2014 through June 30, 2019.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost

TOWN OF COLFAX

Notes to Financial Statements June 30, 2021

Investment Rate of Return	6.95 %, net of investment expense
Expected Remaining Service Lives	2020 – 4 years 2019 – 4 years 2018 – 4 years 2017 – 4 years
Inflation Rate	2.50 %
Projected Salary Increases (Including Merit & Inflation)	Years of Service (1-2) 12.30%, (2+) 4.70%
Mortality Rates	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Health Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale For disabled lives, the Pub-2010 Public Retirement Plans Retirement Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the 2019MP scale was used.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	48.50%	3.08 %
Public Fixed Income	33.50%	0.54 %
Alternatives	18.00%	1.02 %
Other	0.00%	0.00 %
Totals	100.00%	4.64 %
Inflation		<u>2.55 %</u>
Expected Nominal Return		<u>7.19 %</u>

TOWN OF COLFAX

Notes to Financial Statements ***June 30, 2021***

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

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 5.95% Discount Rate	Current Discount Rate 6.95%	1% Increase 7.95% Discount Rate
Net Pension Liability	\$ 155,996	\$ 111,038	\$ 73,454

NOTE 12 – GRANT REVENUES

As with most municipalities with diverse operations, the Town of Colfax regularly receives grant revenues related to various aspects of the Town's operations.

The Town was awarded LGAP funding in the current year, which the Town used to purchase a new utility truck. In addition, the Town received CWEF grants for the extension of an elevated water tank overflow pipe, and for fire hydrant installation.

NOTE 13 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2021 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 14 – ON-BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are \$1,685.

Town of Colfax

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2021

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes				
Ad valorem	\$ 112,500	\$ 114,000	\$ 117,431	\$ 3,431
Sales taxes	346,525	410,000	432,390	22,390
License and permits				
Occupational licenses	50,000	65,000	63,956	(1,044)
Franchise fees	70,000	42,000	47,655	5,655
Fines and fees	24,000	18,000	16,741	(1,259)
Rent	1,200	17,000	-	(17,000)
Intergovernmental				
Beer taxes	5,000	2,500	2,905	405
Payment in lieu of taxes	9,000	12,000	11,332	(668)
Other Intergovernmental	1,900	2,000	1,685	(315)
Other	20,000	-	29,155	29,155
Interest	275	300	-	(300)
Total revenues	640,400	682,800	723,250	40,450
Expenses:				
General government	339,400	319,400	242,051	77,349
Public Safety	178,500	112,500	119,841	(7,341)
Streets and Drainage	114,000	155,000	226,151	(71,151)
Recreation	8,500	8,500	-	8,500
Debt Service	-	-	10,601	(10,601)
Capital Outlay	-	204,935	3,500	201,435
Total Expenses	640,400	800,335	602,144	198,191
Excess (deficiency) of revenues over expenditures	-	(117,535)	121,106	238,641
Other financing sources (uses):				
Operating transfers in	69,600	75,000	122,671	47,671
Operating transfers out	(60,000)	(80,000)	(108,487)	(28,487)
Total other financing sources (uses)	9,600	(5,000)	14,184	19,184
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	9,600	(122,535)	135,290	257,825
Fund balance - beginning of year	-	228,181	122,535	(105,646)
Fund balance - end of year	\$ 9,600	\$ 105,646	\$ 257,825	\$ 152,179

TOWN OF COLFAX

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective Net Pension Liability		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Percent	Amount		Covered Payroll	Liability
Municipal Police Employees' Retirement System					
June 30, 2014	0.000000%	-	-	0.0%	75.1%
June 30, 2015	0.000000%	-	-	0.0%	66.0%
June 30, 2016	0.000000%	-	-	0.0%	70.1%
June 30, 2017	0.013831%	120,750	41,291	292.4%	70.1%
June 30, 2018	0.126391%	114,696	40,039	286.5%	70.1%
June 30, 2019	0.012861%	116,799	40,164	290.8%	71.0%
June 30, 2020	0.012014%	111,038	40,211	276.1%	70.9%
Municipal Employees' Retirement System					
June 30, 2014	0.383300%	179,963	260,697	69.0%	76.9%
June 30, 2015	0.386136%	262,437	299,646	87.6%	68.7%
June 30, 2016	0.415877%	344,724	305,547	112.8%	63.3%
June 30, 2017	0.361674%	312,932	310,842	100.7%	63.5%
June 30, 2018	0.323740%	273,830	239,914	114.1%	63.5%
June 30, 2019	0.341322%	298,593	260,928	114.4%	66.1%
June 30, 2020	0.277928%	251,866	215,384	116.9%	66.3%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

Town of Colfax

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Police Employees' Retirement System					
June 30, 2014	-	-	-	-	0.00%
June 30, 2015	-	-	-	-	0.00%
June 30, 2016	-	-	-	-	0.00%
June 30, 2017	13,110	13,110	-	41,291	31.75%
June 30, 2018	12,312	12,312	-	40,039	30.75%
June 30, 2019	12,953	12,953	-	40,164	32.25%
June 30, 2020	13,069	13,069	-	40,211	32.50%
Municipal Employees' Retirement System					
June 30, 2014	22,811	22,811	-	260,697	8.75%
June 30, 2015	25,453	25,453	-	299,646	8.50%
June 30, 2016	29,027	29,027	-	305,547	9.50%
June 30, 2017	29,530	29,530	-	310,842	9.50%
June 30, 2018	31,789	31,789	-	239,914	13.25%
June 30, 2019	36,530	36,530	-	260,928	14.00%
June 30, 2020	30,154	30,154	-	215,384	14.00%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

TOWN OF COLFAX

Schedule of Compensation Paid to Board Members Year Ended June 30, 2021

Gerald Hamilton	\$	14,400
Alan Futrell		4,500
Cora Reed		4,500
Lorraine Sapp		4,500
Tamika Price		4,500
Zelda Baines		4,500
		<hr/>
Total Compensation	\$	<u>36,900</u>

TOWN OF COLFAX

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2021

Agency Head (Mayor) -Gerald Hamilton

Purpose:

Compensation	\$	14,400
Benefits		3,588
Reimbursements		194

Town of Colfax

Justice System Funding Schedule - Collecting / Disbursing Entity
As Required by Act 87 of the 2020 Regular Legislative Session -
Cash Basis Presentation
For the Year Ended June 30, 2021

	First Six Month Period Ended December 31, 2020	Second Six Month Period Ended June 30, 2021
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Criminal/Costs/Fees	8,683	8,058
Subtotal Collections	<u>8,683</u>	<u>8,058</u>
Less: Disbursements to Governments & Nonprofits		
Central Louisiana Juvenile Detention Center	630	510
Dept. of Health and Hospitals - Head Injury Fund	145	120
Louisiana Commission on Law Enforcement - Court Cost	795	643
Louisiana Supreme Court Assessment	42	34
State of Louisiana - CMIS Assessment	84	68
Less: Amounts Retained by the Town of Colfax		
Self Disbursed Court Cost	<u>6,987</u>	<u>6,683</u>
Subtotal Disbursements / Retainage	<u>8,683</u>	<u>8,058</u>
Ending Balance of Amounts Collected but not Disbursed	<u>\$ -</u>	<u>\$ -</u>

TOWN OF COLFAX

Schedule of Findings ***June 30, 2021***

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general-purpose financial statements for the Town of Colfax, Louisiana, as of June 30, 2021, and for the year then ended expressed an unqualified opinion.
- The audit disclosed one finding (2021-1) which is considered to be significant deficiency in internal control over financial reporting.
- The Town was not required to have a Single Audit; therefore, none of the reporting requirements of OMB Circular A-133 was required.

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2021-001 – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their *Checklist of Best Practices*, the following was noted and remains unresolved:

1. Natural Gas Losses: "Management is to continue its efforts to identify the causes of the natural gas losses."
 - Criteria: A Legislative Auditor compliance review, performed in October of 2008, determined that the Town's natural gas losses were exceedingly high.
 - Condition: In the current year, the Town's natural gas losses were still unacceptably high.
 - Effect: The Town is spending an excessive amount on natural gas purchases, causing costly losses and potential danger to the public.
 - Cause: The Town's aging gas distribution system develops frequent leaks, some of which can be difficult to locate or cost prohibitive to repair.
 - Recommendation: We recommend that the Town continue its efforts to identify leaks, perform leak surveys, and work with its suppliers to control the losses.

TOWN OF COLFAX

**Management's Corrective Action Plan
June 30, 2021**

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p>Finding 2021-001 – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their <i>Checklist of Best Practices</i>, the following was noted and remains unresolved:</p> <p>1. Natural Gas Losses: "Management is to continue its efforts to identify the causes of the natural gas losses."</p>	<p>Response: We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear</p>
SECTION II MANAGEMENT LETTER	
<p>ML-1-2021, Natural Gas Losses: Over the nine-year period gas losses have ranged from 28.7% to 43.5%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn-out meters that do not accurately measure the amount of gas delivered to customers.</p>	<p>Response: We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.</p>

TOWN OF COLFAX

Summary of Prior Year Findings June 30, 2021

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2020-1</u> – The Legislative Auditor issued a compliance review, dated October 29, 2008. In the application of their <i>Checklist of Best Practices</i>, the following was noted and remains unresolved:</p> <p>2. Natural Gas Losses: “Management is to continue its efforts to identify the causes of the natural gas losses.”</p> <p><u>Finding 2020-2: Policy Violations</u> During audit fieldwork, it was determined that one of the Town’s department heads was clocked in while utilizing a personal vehicle, may have used his town vehicle for personal business, that the Town may have made payments to the department head while the department head was not actively working, and that the department head was clocked in and paid by the Town while the individual was located at his own privately owned business outside of the Town’s corporate limits.</p> <p>In addition, it was discovered during an inspection of the Police Department that a file cabinet was not properly secured, which could lead to noncompliance with State Laws regarding the security of evidence to prevent tampering.</p>	<p><u>Status: Unresolved</u> We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear</p> <p><u>Status: Resolved</u></p>
SECTION II MANAGEMENT LETTER	
<p><u>ML-1-2020, Natural Gas Losses:</u> Over the nine-year period gas losses have ranged from 28.7% to 43.5%. Such losses are costly and may be dangerous to the public. Possible explanations for the loss of gas are leakage and/or worn-out meters that do not accurately measure the amount of gas delivered to customers.</p> <p><u>ML-2-2020, Personnel Policies</u> Because of issues found during the current year’s audit, we recommend that the Town adopt a new payroll policy addressing issues related to overtime and the proper use of town vehicles.</p>	<p><u>Unresolved:</u> We are continuing to diligently work with our natural gas supplier as well as performing leak surveys and working to fix all leaks in order to control the losses. We will continue to monitor our losses and address issues as they appear.</p> <p><u>Status: Resolved.</u></p>