

TOWN OF ZWOLLE, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

**TOWN OF ZWOLLE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING MAY 31, 2025**

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Required Supplemental Information (Part I) Management's Discussion and Analysis		1
Independent Auditor's Report		6
<u>Basic Financial Statements</u>		
<u>Government-Wide Financial Statements:</u>		
Statement of Net Position	A	9
Statement of Activities	B	10
<u>Fund Financial Statements:</u>		
Balance Sheet	C	11
Reconciliation of the Government Funds Balance Sheet to The Government-Wide Financial Statement of Net Position	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	13
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances of Governmental Funds To the Statement of Activities	F	14
Proprietary Funds:		
Statement of Net Position	G	15
Statement of Revenue, Expenses, and Changes in Net Position	H	16
Statement of Cash Flows	I	17
Notes to the Financial Statements		19

**TOWN OF ZWOLLE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING MAY 31, 2025**

TABLE OF CONTENTS CONTINUED

	<u>Schedule</u>	<u>Page</u>
<u>Required Supplement Information:</u>		
Budget Comparison Schedules		
General Fund	1	46
Schedule of Employer's Share of Net Pension Liability – MERS	2	47
Schedule of Employer's Share of Net Pension Liability – MPERS	3	48
Schedule of Employer Contributions – MERS	4	49
Schedule of Employer Contributions – MPERS	5	50
<u>Other Supplemental Schedules:</u>		
Schedule of Compensation Paid Elected Officials	6	52
Schedule of Compensation, Benefits and Other Payments To Agency Head or Chief Executive Officer	7	53
LCDBG Schedule of Net Position	8	54
LCDBG Schedule of Revenues, Expenses, and Changes in Net Position	9	55
Justice System Funding Schedule – Collecting/Disbursing Entity As Required by Act 87 of the 2020 Regular Legislative Session	10	56
<u>Other Reports:</u>		
Report on Compliance and Other Matters and on Internal Control Over Financial Reporting Based on an Audit Of Financial Statements in According with <i>Government Auditing Standards</i>		58
Current Year Findings and Recommendations	11	60
<u>Other Information:</u>		
Status of Prior Audit Findings	12	61
Management's Corrective Action Plan	13	62
Statewide Agreed Upon Procedures		63

TOWN OF ZWOLLE
MANAGEMENT DISCUSSION AND ANALYSIS
MAY 31, 2025

The management of the Town of Zwolle, Louisiana offers readers of the Town of Zwolle, Louisiana's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the year ended May 31, 2025. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seeks to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes,

TOWN OF ZWOLLE
MANAGEMENT DISCUSSION AND ANALYSIS
MAY 31, 2025

licenses, permits, fines, and intergovernmental revenues, for example, the police department. Business-type activities are functions that are intended to support their costs through charges for services or fees, such as the Water and Sewer Departments.

Government-wide Financial Analysis

As noted earlier, net position may, overtime, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$6,650,816 (net position); this represents a decrease of \$487,563 from the last fiscal year. Of this total net asset amount, \$403,834 is unrestricted net position. The Town's net position is comprised of \$3,899,465 from government activities and \$2,751,351 from business-type activities.

	Governmental-Type Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current & Other Assets	\$2,530,156	\$2,649,117	\$ 796,606	\$ 809,182	\$3,326,762	\$3,458,299
Capital Assets (net)	1,836,041	1,921,294	4,232,789	4,394,731	6,068,830	6,316,025
Total Assets	<u>\$4,366,197</u>	<u>\$4,570,411</u>	<u>\$5,029,395</u>	<u>\$5,203,913</u>	<u>\$9,395,592</u>	<u>\$9,774,324</u>
Deferred Outflows of Resources	331,138	603,235	20,288	22,669	\$ 351,426	\$ 625,904
Liabilities						
Other Liabilities	\$ 59,371	\$ 219,352	\$1,944,942	\$1,714,700	\$2,004,313	\$1,934,052
Long-Term Liability	555,065	915,629	349,587	405,362	904,652	1,320,991
Total Liabilities	<u>\$ 614,436</u>	<u>\$1,134,981</u>	<u>\$2,294,529</u>	<u>\$2,120,062</u>	<u>\$2,908,965</u>	<u>\$3,255,043</u>
Deferred Inflows of Resources	\$ 183,435	\$ 5,350	\$ 3,803	\$ 1,455	\$ 187,238	\$ 6,805
Net Position						
Invested In Capital Assets, Net	\$1,836,041	\$1,921,294	\$4,232,789	\$4,052,730	\$6,068,830	\$5,974,024
Restricted For Debt Service			\$ 178,152	\$ 165,482	178,152	165,482
Unrestricted	2,063,423	2,112,020	(1,659,590)	(1,113,147)	403,833	998,873
Total Net Position	<u>\$3,899,464</u>	<u>\$4,033,314</u>	<u>\$2,751,351</u>	<u>\$3,105,065</u>	<u>\$6,650,815</u>	<u>\$7,138,379</u>

By far the largest portion of the Town's net position, \$6,068,830 reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, town infrastructure, etc.) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The Town has accumulated \$71,435 restricted for customer deposits and \$106,717 for debt reserves. The balance of \$403,833 is unrestricted net position, which may be used to meet the government's on-going obligations to citizens and creditors.

TOWN OF ZWOLLE
MANAGEMENT DISCUSSION AND ANALYSIS
MAY 31, 2025
Continued

The Town has a total outstanding debt of \$319,000, which was used to finance some of the \$6,068,830 capital assets. Total liabilities of \$2,908,965 are equal to 44% of the total net position.

The following is a summary of the statement of activities:

	Governmental-Type Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue						
Program Revenue	\$ 157,318	\$ 200,001	\$ 394,121	\$ 546,539	\$ 551,439	\$ 746,540
Grants and Contributions	\$ 124,663	\$ 251,920	\$ 251,295	\$ 139,689	375,958	391,609
General Revenue & Transfers	1,464,368	1,260,921	16,449	17,181	1,480,817	1,278,102
Total Revenue	<u>\$1,746,349</u>	<u>\$1,712,842</u>	<u>\$ 661,865</u>	<u>\$ 703,409</u>	<u>\$2,408,214</u>	<u>\$2,416,251</u>
Expenses						
General Government	\$1,880,198	\$1,658,024			\$1,880,198	\$1,658,024
Water & Sewer Utilities	-	-	1,015,579	853,986	1,015,579	853,986
Total Expenses	<u>\$1,880,198</u>	<u>\$1,658,024</u>	<u>\$1,015,579</u>	<u>\$ 853,986</u>	<u>\$2,895,777</u>	<u>\$2,512,010</u>
Increase (Decrease) in Net Position	(133,849)	54,818	(353,714)	(150,577)	(487,563)	(95,759)
Net Position, Beginning	\$4,033,313	\$3,978,495	\$3,105,065	\$3,255,642	\$7,138,378	\$7,234,137
Net Position, Ending	<u>\$3,899,464</u>	<u>\$4,033,313</u>	<u>\$2,751,351</u>	<u>\$3,105,065</u>	<u>\$6,650,815</u>	<u>\$7,138,378</u>

Governmental Activities

The governmental activities of the Town include General Government and Public Safety, in that revenues normally associated with municipal operations, (e.g., property tax, franchise fees, license fees, fines, and operating grants) are sufficient for the funding of these activities.

Business-type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities, which are accounted for in enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of water and sewer services.

TOWN OF ZWOLLE
MANAGEMENT DISCUSSION AND ANALYSIS
MAY 31, 2025
Continued

The following is a summary of the business-type activities of the Town:

	Operating Revenue Net of Purchases	Operating Expenses	Net Income (Loss) From Operations
Year ended May 31, 2024	546,539	853,986	\$ (307,447)
Year ended May 31, 2025	394,121	1,015,579	(621,458)
Increase (Decrease) Between Years	<u>\$ (152,418)</u>	<u>\$ 161,593</u>	<u>\$ (314,011)</u>

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains two individual governmental fund types. The fund type includes the General fund and the Sales tax fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statements E) for the General Fund and the Sales tax fund. The General Fund is considered to be a major fund.

The Town adopts an annual budget for the General Fund and the Special Revenue fund. A statement of revenues, expenditures, and changes in fund balance is presented in the Required Supplemental Information Schedules 1 and 2, which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town of Zwolle's governmental fund (General Fund) reported an ending fund balance of \$2,470,785, which is an increase of \$41,021 from the prior year. Of the ending fund balance, \$2,431,258 is unreserved.

Fund Financial Statements - Proprietary Funds

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its Water Operations. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

TOWN OF ZWOLLE
MANAGEMENT DISCUSSION AND ANALYSIS
MAY 31, 2025
Continued

Financial Analysis of the Town's Proprietary Fund

The Town's proprietary funds show a decrease in ending retained earnings of \$353,714. The 2025 operating loss of the Utility fund of \$353,714 represents a decrease in revenue of \$40,812 and an increase in expenses of \$161,593 from 2024 figures.

Financial statements of enterprise funds are presented on the same basis of accounting as in both the governmental-wide financial statements and the individual fund statements. All comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The Town adopted an original budget for the General Fund and an amended budget during the year. For the General fund actual expenditures and other uses were under budgeted expenditures and other uses by \$25,435.

Capital Asset and Debt Administration

The total investment in net capital assets as of May 31, 2025 is \$6,068,830.

Capital assets of \$57,995 were purchased or constructed in fiscal 2025 for business type activities. Capital assets purchased or constructed of \$119,534 in fiscal 2025 for government type activities.

Current Financial Factors

The Town is trying to get its policies and procedures back in place with the current administration.

Requests for Information

This financial report is designed to provide a general overview of the Town of Zwolle's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Clerk, 952 S Main Street, Zwolle, Louisiana 71486.

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INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Zwolle
Zwolle, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregate remaining fund information of the Town of Zwolle, Louisiana ("Town"), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of May 31, 2025, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Zwolle, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that

that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Zwolle, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Zwolle, Louisiana's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation paid to elected officials, the schedule of compensation, benefits and other payments to agency head, and schedule of insurance are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare basis 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the management's discussion and analysis and budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 2, 2025, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 2, 2025

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF NET POSITION
AS OF MAY 31, 2025

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and Equivalents (Note 2)	\$ 318,168	\$ 390,649	\$ 708,817
Investments, At Cost (Note 2)	189,627	\$ 112,330	301,957
Receivables (Net of Allowances) (Note 3)	143,011	115,475	258,486
Prepaid Expenses	39,527		39,527
Total Current Assets	690,333	618,454	1,308,787
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents (Note 13)		178,152	178,152
Due From Other Funds (Note 5)	1,839,823		1,839,823
Capital Assets, Net of Accumulated Depreciation (Note 8)	1,836,041	4,232,789	6,068,830
Total Noncurrent Assets	3,675,864	4,410,941	8,086,805
Total Assets	\$ 4,366,197	\$ 5,029,395	\$ 9,395,592
Deferred Outflows of Resources			
Pension (Note 11)	\$ 331,138	\$ 20,288	\$ 351,426
LIABILITIES			
Current Liabilities:			
Accounts and Other Payables	\$ 23,843	\$ 19,556	\$ 43,399
Payroll Liabilities	35,528		35,528
Due to Other Funds (Note 5)		1,839,823	1,839,823
Current Loans and Bonds Due in One Year (Note 10)		24,394	24,394
Total Current Liabilities	59,371	1,883,773	1,943,144
Noncurrent Liabilities:			
Loans and Bonds Due After One Year (Note 10)		296,000	296,000
Deposits		61,169	61,169
Net Pension Liability (Note 11)	555,065	53,587	608,652
Total Noncurrent Liabilities	555,065	410,756	965,821
Total Liabilities	614,436	2,294,529	2,908,965
Deferred Inflows of Resources			
Pension (Note 11)	183,435	3,803	187,238
NET POSITION			
Invested in Capital Assets, Net of Related Debt	1,836,041	4,232,789	6,068,830
Restricted For Debt Service		178,152	178,152
Unrestricted	2,063,423	(1,659,590)	403,833
Total Net Position	3,899,464	2,751,351	6,650,815

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

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF ACTIVITIES FOR THE YEAR ENDING
MAY 31, 2025

	Expense	Program Revenues			Net (Expenses) Revenues and Changes of Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:							
General Government	\$ 491,189	\$ -	\$ 5,041	\$ -	\$ (486,148)		\$ (486,148)
Police	827,665	68,270			(759,395)		
Sanitation	118,139	89,048			(29,091)		
Highways and Streets	377,738				(377,738)		
Community Development	65,467			119,622	54,155		\$ 54,155
Total Governmental Activities	1,880,198	157,318	5,041	119,622	(1,598,217)	-	(431,993)
Business-Type Activities:							
Water and Sewer	1,015,579	394,121	-	251,295		(370,163)	(370,163)
Total Business-Type Activities	1,015,579	394,121	-	251,295	-	(370,163)	(370,163)
Total Primary Government	2,895,777	551,439	5,041	370,917	(1,598,217)	(370,163)	(802,156)
General Revenues:							
Property Taxes, Levied for General Purposes					\$ 104,869	\$ -	\$ 104,869
Sales Taxes					989,109		989,109
Franchise Taxes					83,612		83,612
Other Taxes					3,652		3,652
Licenses and Permits					120,048		120,048
Intergovernmental					73,665		73,665
Investment Earnings					8,807	13,329	22,136
Rental Income					15,738		15,738
Other General Revenues					64,868	3,120	67,988
Transfers - Net					-	-	-
Total General Revenues and Transfers					1,464,368	16,449	1,480,817
Change in Net Position					(133,849)	(353,714)	(487,563)
Net Position - Beginning					4,033,313	3,105,065	7,138,378
Net Position - Ending					3,899,464	2,751,351	6,650,815

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

**TOWN OF ZWOLLE, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
AS OF MAY 31, 2025**

	Governmental Funds
	<u> </u>
ASSETS	
Cash and Equivalents	\$ 318,168
Investments, At Cost	189,627
Receivables (Net of Allowances)	143,011
Prepaid Expenses	39,527
Due From Other Funds	1,839,823
TOTAL ASSETS	<u><u>\$ 2,530,156</u></u>
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts, and Other Payables	\$ 23,843
Accrued Salaries	35,528
Total Liabilities	<u>59,371</u>
Deferred Inflows of Resources	<u>0</u>
Fund Balances:	
Nonspendable	
Prepaid Expenses	39,527
Assigned	
Unassigned	2,431,258
Total Fund Balances	<u>2,470,785</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 2,530,156</u></u>

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

TOWN OF ZWOLLE, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION
AS OF MAY 31, 2025

Amounts Reported for Governmental Activities in the
Statement of Net Position are Difference Because:

Fund Balances - Total Governmental Funds (Statement C)	\$ 2,470,785
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Capital Assets Used in Governmental Activities are Not
Financial Resources and, Therefore, are Not Reported in
The Governmental Funds:

Governmental Capital Assets	\$ 4,357,395	
Less Accumulated Depreciation	<u>(2,521,354)</u>	1,836,041

Long-Term Liabilities are Not Due and Payable in the Current Period and,
Therefore, are Not Reported in the Governmental Funds.

Net Pension Liability	(555,065)	
Deferred Outflows of Resources	331,138	
Deferred Inflows of Resources	<u>(183,435)</u>	

Net Position of Governmental Activities (Statement A)	<u><u>\$ 3,899,464</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDING MAY 31, 2025

	Total Governmental Funds
REVENUES	
Ad Valorem Taxes	\$ 104,869
Franchise Taxes	83,612
Sales Taxes	989,109
Other Taxes	3,653
Licenses and Permits	120,048
Capital Grant	119,622
Operating Grant	5,041
Intergovernmental	73,665
Fines, Forfeitures, and Court Costs	68,270
Rent, Royalty, and Commission	15,738
Charges for Services	89,048
Use of Money and Interest Earnings	-
Other Revenues	45,570
Total Revenues	<u>\$ 1,718,245</u>
EXPENDITURES	
General Government	\$ 456,836
Public Safety	671,967
Streets	282,228
Sanitation	118,139
Parks and Recreation	26,315
Capital Outlay	130,546
Total Expenditures	<u>1,686,031</u>
Excess (Deficiency) of Revenues	Over
(Under) Expenditures:	32,214
OTHER FINANCING SOURCES (USES)	
Interest Earnings	8,807
Operating Transfers In	-
Operating Transfers Out	-
Total Other Financing Sources (Uses)	<u>8,807</u>
Net Change in Fund Balance	41,021
Fund Balance - Beginning of Year	2,429,764
Fund Balance - Ending	<u>\$ 2,470,785</u>

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

TOWN OF ZWOLLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS,
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDING MAY 31, 2025

Amounts Reported for Governmental Activities in the
Statement of Activities are Difference Because:

Net Change in Fund Balances - Total Governmental Funds (Statement E)	\$ 41,021
Governmental Funds Report Capital Outlays as Expenditures. However, In the Statement of Activities, the Costs of Those Assets is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense. This is the Amount by Which Capital Outlay (\$119,536) Less Depreciation (\$204,788) in the Current Period.	(85,252)
Nonallocation Method of Accounting for Prepayments Used in Fund Statements (Prepayment Does Not Provide Expendable Financial Resources)	-
Net Pension Liability Decrease (Increase)	<u>(89,617)</u>
Change in Net Position of Governmental Activities (Statement B)	<u><u>\$ (133,848)</u></u>

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

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
AS OF MAY 31, 2025

	Business-Type Activities - Enterprise Funds		
	Water & Sewer	(Memo Only)	
	Fund	2025	2024
ASSETS			
Current Assets:			
Cash and Equivalents	\$ 390,649	\$ 390,649	\$ 110,102
Investments	112,330	112,330	283,926
Receivables	115,475	115,475	195,511
Total Current Assets	<u>618,454</u>	<u>618,454</u>	<u>589,539</u>
Restricted Assets:			
Cash and Equivalents	178,152	178,152	219,643
Non-Current Assets:			
Net Capital Assets	<u>4,232,789</u>	<u>4,232,789</u>	<u>4,394,731</u>
Total Non-Current Assets	<u>4,232,789</u>	<u>4,232,789</u>	<u>4,394,731</u>
TOTAL ASSETS	<u>5,029,395</u>	<u>5,029,395</u>	<u>5,203,913</u>
Deferred Outflows of Resources:			
Pension	<u>20,288</u>	<u>20,288</u>	<u>22,669</u>
LIABILITIES			
Current Liabilities:			
Accounts, Salaries, and Other Payables	\$ 19,556	\$ 19,556	\$ 22,594
Accrued Interest	1,394	1,394	1,492
Due to Other Funds	1,839,823	1,839,823	1,629,919
Notes Payable - Current	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>
Total Current Liabilities	<u>1,883,773</u>	<u>1,883,773</u>	<u>1,677,005</u>
Current Liabilities Payable from Restricted Assets	61,169	61,169	60,695
Non-Current Liabilities			
Net Pension Liability	53,587	53,587	63,362
Notes Payable	<u>296,000</u>	<u>296,000</u>	<u>319,000</u>
Total Non-Current Liabilities	<u>349,587</u>	<u>349,587</u>	<u>382,362</u>
Total Liabilities	<u>2,294,529</u>	<u>2,294,529</u>	<u>2,120,062</u>
Deferred Inflows of Resources			
Pension	<u>3,803</u>	<u>3,803</u>	<u>1,455</u>
NET POSITION			
Net Investment in Capital Assets	4,232,789	4,232,789	4,052,730
Restricted For Debt Service	178,152	178,152	165,482
Unrestricted	<u>(1,659,590)</u>	<u>(1,659,590)</u>	<u>(1,113,147)</u>
TOTAL NET POSITION	<u>\$ 2,751,351</u>	<u>\$ 2,751,351</u>	<u>\$ 3,105,065</u>

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

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDING MAY 31, 2025

	Business-Type Activities - Enterprise Funds		
	Utility Fund	(Memo Only) 2025	2024
Operating Revenues			
Charges for Services -			
Water Sales	\$ 260,462	\$ 260,462	\$ 377,111
Sewer Fees	133,659	133,659	169,428
Other Income	3,120	3,120	2,517
Total Operating Revenue	<u>397,241</u>	<u>397,241</u>	<u>549,056</u>
Operating Expenses			
Personnel Services	194,153	194,153	162,642
Supplies	113,309	113,309	111,852
Utilities	133,434	133,434	84,071
Maintenance and Repairs	238,259	238,259	173,821
Miscellaneous Expenses	115,086	115,086	110,354
Depreciation	219,937	219,937	209,753
Total Operating Expenses	<u>1,014,178</u>	<u>1,014,178</u>	<u>852,493</u>
Operating Income (Loss)	(616,937)	(616,937)	(303,437)
Nonoperating Revenues (Expenses)			
Interest Earnings	13,329	13,329	14,664
Capital Grants	251,295	251,295	139,689
Interest Expenses	(1,401)	(1,401)	(1,492)
Total Nonoperating Revenues (Expenses)	<u>263,223</u>	<u>263,223</u>	<u>152,861</u>
Income Before Contributions and Transfers	(353,714)	(353,714)	(150,576)
Transfers In	-	-	-
Transfers Out	-	-	-
Change in Net Position	<u>(353,714)</u>	<u>(353,714)</u>	<u>(150,576)</u>
Total Net Position - Beginning	<u>3,105,065</u>	<u>3,105,065</u>	<u>3,255,642</u>
Total Net Position - Ending	<u><u>2,751,351</u></u>	<u><u>2,751,351</u></u>	<u><u>3,105,066</u></u>

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

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING MAY 31, 2025

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 474,631	\$ 546,539
Payments to Suppliers	(603,127)	(570,953)
Payments to Employees	(199,198)	(162,642)
	<u>(327,694)</u>	<u>(187,056)</u>
Cash Flows from Noncapital Financing Activities		
Transfer from Other Funds	209,904	193,818
Other Revenue (Expense)	3,120	(8,093)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>213,024</u>	<u>185,725</u>
Cash Flows from Capital and Related Financing Activities		
Purchases of Capital Assets	\$ (57,995)	\$ (138,747)
Capital Grant	251,295	139,689
Principal Paid on Capital Debt	(23,000)	(23,000)
Interest Paid on Capital Debt	(1,499)	(1,492)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>168,801</u>	<u>(23,550)</u>
Cash Flows from Investing Activities		
Transfer from Investments	171,596	
Interest and Dividends Received	13,329	14,664
Net Cash Provided by Investing Activities	<u>184,925</u>	<u>14,664</u>
Net Increase (Decrease) in Cash and Equivalents	239,056	(10,217)
Cash and Equivalents - Beginning of Year	329,745	339,962
Cash and Equivalents - Ending of Year	<u>\$ 568,801</u>	<u>\$ 329,745</u>

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

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDING MAY 31, 2025
(CONTINUED)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Income to Net Cash Provided (Used)		
by Operating Activities		
Operating Income	\$ (616,937)	\$ (304,930)
Depreciation	219,937	209,753
(Increase) Decrease in Accounts Receivable	80,036	(99,703)
(Increase) Decrease in Other Receivables		
(Increase) Decrease in Prepaid Expenses		
(Increase) Decrease in Due from Other Funds		
Increase (Decrease) in Customer Deposits	474	(353)
Increase (Decrease) in Accounts Payable	(3,039)	10,759
Increase (Decrease) in Pension Liability	(8,165)	(2,582)
Net Cash Provided by Operating Activities	<u>\$ (327,694)</u>	<u>\$ (187,056)</u>
Reconciliation of Total Cash and Cash Investments:		
Current Assets - Cash and Cash Investments	390,649	110,102
Restricted Assets - Cash and Cash Investments	178,152	219,643
Total Cash and Cash Investments	<u>\$ 568,801</u>	<u>\$ 329,745</u>

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

**TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025**

INTRODUCTION

The Town of Zwolle, Louisiana (Town) was incorporated September 13, 1889 under the provisions of a home rule charter. The Town is located in Sabine Parish in Central West Louisiana.

The Town operates under a Mayor-Board of Aldermen form of government. Elected officials of the Town consist of the mayor and five alderman who are each elected to four-year terms. The affairs of the Town are conducted and managed by the mayor and the board of alderman.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Zwolle (Town)'s financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:513, the *Louisiana Municipal Audit and Accounting Guide* and to the industry guides, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a general-purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.
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.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Based on the above criteria, no component units were identified for the Town of Zwolle.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Town and its component unit. These statements present summaries of the governmental activities and the business-type activities of the Town. Fiduciary activities of the Town are not included in these statements.

Information contained in these statements reflects the “economic resources” measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Non-exchange Transactions. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items recognized as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Zwolle's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Town's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Direct Expenses - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Town reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Town's basic financial statements consist of government-wide financial statements, a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Fund Accounting

The Town uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets, and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as another financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Town of Zwolle reports the following major governmental funds:

General Fund - The primary operating fund of the Town, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured, and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components- net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

The Enterprise Fund of the Town of Zwolle is the Water and Sewer Fund, which accounts for the operations of the waterworks and sewerage systems. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Equity Classifications

The Town of Zwolle has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended May 31, 2025.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town did not have any restricted funds for the year ended May 31, 2025.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended May 31, 2025.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for year ended May 31, 2025.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has \$2,421,964 of unassigned funds in the General Fund.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Budgets

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

1. The Town Treasurer prepares a proposed budget and submits same to the Mayor and Town Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding estimated amounts require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Town Council.
8. A budget is adopted for the Proprietary Fund on an accrual basis.

The 2024-2025 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on May 23, 2024, and the budget was adopted by the Mayor and Town Council. The 2024-2025 general fund amended budget was published in the official journal and made available for public inspection. A public hearing for the proposed amended budget was held on May 23, 2024, and the amended budget was adopted by the Mayor and Town Council.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits and short-term, highly liquid investments with original maturities of 90 days or less from the date of acquisition. Investments are interest-bearing time deposits with original maturity dates in excess of 90 days when purchased. Investments are stated at costs, which approximates market value.

The Town's investments comply with Louisiana Statutes (I.S.A. R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in U.S. bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana which operates a local government investment pool.

Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement. In accordance with paragraph 69 of GASB Statement No. 72, the Town reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide financial statements.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Restricted Assets

Restricted assets include cash and cash investments in the Proprietary funds which are restricted to their use. These restrictions are principally related to requirements of utility meter deposits. It is the Town's policy to use restricted assets before unrestricted assets for their intended purposes.

Interfund Balances (Due from/to Other Funds)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and due from other funds". These receivables and payables are classified as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide statement of net assets.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets(e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government- wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. As of June 1, 2004, the Town implemented a policy of capitalizing all infrastructure assets with a cost of \$20,000 or more. All other assets are capitalized based on thresholds of \$5,000 to \$25,000, depending on asset classification, except land and construction in progress which are capitalized at cost.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts, and any gain or loss is reported in the Statement of Activities.

In accordance with GASB Statement No. 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement No. 34 forward and will not retroactively capitalize infrastructure. The Town does not capitalize historical treasures or works of art.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives of five to fifty years for water and sewer system and lines, five to twenty-five years for water wells and pumps, ten years for water meter and hydrants, twenty to forty years for buildings and improvements, and five to ten years for equipment and trucks.

Refundable Deposits

The Water and Sewer Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues services.

Deferred Outflows of Revenues

The Town reports decreases in net position that relates to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town reported \$351,357 of deferred outflows of resources.

Compensated Absences

Employees of the Town are entitled to paid vacation depending on job classification, length of service, and other factors. Employees' vacation earned does not accumulate or vest. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements. The Town's policy is to recognize the costs of compensated absences when actually paid to employees.

Deferred Inflows of Resources

The Town reports increases in net position that relates to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town will not recognize the related revenues until a future event occurs. The Town reported \$187,170 of deferred inflows of resources.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

These notes are an integral part of these financial statements.

**TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions to expenditures in the fund that is reimbursed.

Ad Valorem Taxes

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due to ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Town bills and collects its own ad valorem taxes. For the 2024 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

General corporate purposes – 5.790 mills on an assessed value of \$13,123,962

This millage was approved by the Board of Aldermen on July 13, 2023. This millage is the maximum millage that can be assessed without the approval of the voters of the Town.

The Town is subject to several tax abatement agreements entered into by other governments that reduce the ad valorem tax revenues of the Town. These abatements are based on undepreciated values of various contracts as reported by Louisiana Economic Development. Property subject to abatement is located in the Town and the total undepreciated property subject to the contracts in effect during the year totaled \$4,680,935. The estimated amount of ad valorem taxes abated through indirect agreements is \$4,445.

Sales Tax

On April 16, 1988, the voters of the Town of Zwolle approved 1% sales and use tax upon the sale at retail, the use, the lease or rental, the consumption or storage for use or consumption of tangible personal property and on sales of services in the Town. The 1% sales and use tax is dedicated to the General Fund to be used for any lawful corporate purpose as deemed necessary by the Town Council. In addition, effective October 1, 2005, the voters of the Town approved an additional 1% sales and use tax which was renewed in 2019.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from the estimates.

These notes are an integral part of these financial statements.

**TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Risk Management

The town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. To handle such risk of loss, the town maintains commercial insurance policies covering its vehicles, professional liability, and surety bond coverage. No claims were paid on any of the policies which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended May 31, 2025.

Bad Debts

The Town uses the direct charge-off method of accounting for uncollectible ad valorem taxes and water system receivables. Although the method is not in accordance with generally accepted accounting principles, the overall effect on the financial statements is immaterial.

Postretirement Benefits

The Town provides postretirement benefits to its employees.

Deferred Outflows and Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively.

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents:

At May 31, 2025, the Town had cash and cash equivalents (book balances) totaling \$886,969, including \$600 cash on hand. An amount of \$178,152 was restricted cash and cash equivalents. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Investments:

At May 31, 2025, the Town had funds (book balances) totaling \$301,957 on deposit at LAMP. The Town maintains accounts in the Louisiana Asset Management Pool (LAMP). LAMP was established and is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana. LAMP accepts deposits from public entities. Upon making an investment, a public entity becomes a member of LAMP, Inc., similar to a corporate shareholder, and maintains certain rights with respect to the governance of the corporation.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - Continued

At May 31, 2025, the Town had \$886,969 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 in federal deposit insurance and \$636,969 in pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Zwolle has complied with these requirements of state law.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at May 31, 2025. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Zwolle has cash and cash equivalents that are covered by federal depository insurance and pledged securities.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high-quality vehicles for investment. The LAMP portfolio includes only securities and obligations in which local governments in Louisiana are authorized to invest. LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. government, or one of its agencies. The dollar weighted average portfolio of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their balances.

At May 31, 2025, the Town had investments of \$301,957. These deposits are secured from risk by \$301,957 in pledged securities.

NOTE 3 - RECEIVABLES

The receivables of \$258,486 at May 31, 2025, are as follows:

Class of Receivable	General Fund	Water Fund	Total
Sales and Use Taxes	\$ 59,224	\$ -	\$ 59,224
Franchises Fees	16,466		16,466
Grants	67,321		67,321
Accounts		253,171	253,171
Allowance for Uncollectible Accounts		(137,696)	(137,696)
Total	<u>\$ 143,011</u>	<u>\$ 115,475</u>	<u>\$ 258,486</u>

These notes are an integral part of these financial statements.

**TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025**

NOTE 4 - PREPAID ITEMS

Prepaid items at May 31, 2025 consist of prepaid insurance premiums in the General Fund of \$39,527.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Amounts due from and to other funds as reported in the fund financial statements at May 31, 2025 are:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ -	\$1,839,823
Water & Sewer Fund	1,839,823	
Total	<u>\$ 1,839,823</u>	<u>\$1,839,823</u>

In the ordinary course of business, the Town routinely transfers resources between its funds. Transfers are used to (1) move revenue from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 6 - ON BEHALF PAYMENTS FOR SALARIES

The Town recognizes general fund revenues and expenses supplemental pay made by the State of Louisiana to the Town's police employees. For the year ended May 31, 2025, the town's police chief and officers received \$8,500 in police supplemental pay from the State of Louisiana, Department of Public Safety and Corrections.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The Town provides water and sewer services to the citizens of Zwolle and these services are heavily regulated by DBE and DEQ. Drinking water and sewer treatment discharges are subject to strict guidelines relating to quality. Failure to meet these requirements could subject the Town to penalties. The Town is presently operating under a Compliance Order (Order) from DHH relating to drinking water not meeting the requirements for TTHMs (Total Trihalomethanes). The Town is working with an engineering firm to design and install the needed equipment to comply with the Order and does not presently anticipate the imposition of any penalties by DHH. The cost to comply with the Order is not presently known. On September 30, 2021, DHH proposed an administrative penalty of \$175,200 for failure to comply with the Order. The Town applied to DHH for mitigation of the penalty and to comply with the Order. However, the DHH will not mitigate a penalty until the compliance project is completed.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the year ended May 31, 2025, was as follows:

	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated					
Land	\$ 151,991				151,991
Construction in Progress	243,407	(243,407)	-	-	-
Total Capital Assets Not Being Depreciated	<u>395,398</u>	<u>(243,407)</u>	<u>-</u>	<u>-</u>	<u>151,991</u>
Buildings	1,115,372	243,407	52,301		1,411,080
Improvements Other Than Buildings	2,102,635		51,296		2,153,931
Equipment	330,960		15,937		346,897
Vehicles	293,496				293,496
Total Capital Assets Being Depreciated	<u>3,842,463</u>	<u>243,407</u>	<u>119,534</u>	<u>-</u>	<u>4,205,404</u>
Accumulated Depreciation	<u>2,316,566</u>	<u>204,788</u>			<u>2,521,354</u>
Total Capital Assets Being Depreciated (Net)	<u>\$ 1,525,897</u>	<u>\$ 38,619</u>	<u>\$ 119,534</u>	<u>\$ -</u>	<u>\$ 1,684,050</u>
Governmental Capital Assets - Net	<u>\$ 1,921,295</u>	<u>\$ (204,788)</u>	<u>\$ 119,534</u>	<u>\$ -</u>	<u>\$ 1,836,041</u>
Business-Type Activities:					
Capital Assets Not Being Depreciated					
Land	\$ 7,160	\$ -	\$ -	\$ -	\$ 7,160
Construction in Progress	37,680		-	-	37,680
Total Capital Assets Not Being Depreciated	<u>44,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,840</u>
Capital Assets Being Depreciated					
Buildings and Structures	344,797				344,797
Equipment	115,560				115,560
Water System	2,674,922		-		2,674,922
Sewer System	5,471,167				5,471,167
Vehicles	35,710		57,995		93,705
Total Capital Assets Being Depreciated	<u>8,642,156</u>	<u>-</u>	<u>57,995</u>	<u>-</u>	<u>8,700,151</u>
Accumulated Depreciation	<u>4,292,265</u>	<u>219,937</u>	<u>-</u>		<u>4,512,202</u>
Total Capital Assets Being Depreciated (Net)	<u>\$ 4,349,891</u>	<u>\$ (219,937)</u>	<u>\$ 57,995</u>	<u>\$ -</u>	<u>\$ 4,187,949</u>
Business-Type Activities Capital Assets - Net	<u>\$ 4,394,731</u>	<u>\$ (219,937)</u>	<u>\$ 57,995</u>	<u>\$ -</u>	<u>\$ 4,232,789</u>

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 9 - PAYABLES

Payables of \$174,073 at May 31, 2025 are as follows:

	General Fund	Enterprise Fund	Total
Accounts	\$ 23,843	\$ 19,555	\$ 43,398
Grants	-	-	-
Payroll Liabilities	35,528	-	35,528
	<u>\$ 59,371</u>	<u>\$ 19,555</u>	<u>\$ 78,926</u>

NOTE 10 – LONG-TERM OBLIGATIONS

In July 2017, the Town entered into a financing agreement with Louisiana's Department of Environmental Quality's Clean Water State Revolving Fund (CWSRF) to provide financing in the amount of \$1,059,400 for 20 years at 0.45%, with \$582,670 of principal to be forgiven as financing advances are made. The proceeds of this financing are to be used to renovate the sewer treatment facility in order to achieve compliance with DEQ regulations. In November 2017, the Town entered into a construction contract, amounting to \$709,775 to begin work on the project, and the project was completed as of May 30, 2020. This loan requires the Town to maintain certain restricted cash reserve funds, among other requirements, and the Town has funded these at the maximum required over the life of the loan. As of May 31, 2025, these funds amounted to \$106,717 and are shown as restricted assets.

As of May 31, 2025, the Town has a note payable to CWSRF in the amount of \$319,000, of which \$23,000 was determined to be the current amount due in 2024. When the drawdown of the total loan is completed, the Town will be obligated to make annual payments from \$25,454 to \$27,226 for the 20 year term of the loan.

The following is a summary of the long-term obligation transactions for the year ended May 31, 2025:

Long-Term Obligation	Balance, June 1, 2024	Additions	Deletions	Balance, May 31, 2025
CWSRF	\$ 342,000	\$ -	\$ 23,000	\$ 319,000
Net Pension Liability	978,991	-	370,339	608,652
	<u>\$ 1,320,991</u>	<u>\$ -</u>	<u>\$ 393,339</u>	<u>\$ 927,652</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of May 31, 2025:

Long-Term Obligation	Current Portion	Long-Term Portion	Total
CWSRF	\$ 23,000	\$ 296,000	\$ 319,000
Net Pension Liability	-	608,652	608,652
	<u>\$ 23,000</u>	<u>\$ 904,652</u>	<u>\$ 927,652</u>

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 10 – LONG-TERM OBLIGATIONS - Continued

The annual requirements to amortize the outstanding CWSRF long-term debt are as follows:

	Principal	Interest	Total
May 31, 2026	\$ 23,000	\$ 1,388	\$ 24,388
May 31, 2027	24,000	1,283	25,283
May 31, 2028	24,000	1,175	25,175
May 31, 2029	24,000	1,067	25,067
May 31, 2030	24,000	959	24,959
Thereafter	200,000	3,686	203,686
	<u>\$ 319,000</u>	<u>\$ 9,558</u>	<u>\$ 328,558</u>

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

Municipal Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Zwolle contributes to the Municipal Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. 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 the System.

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

1. Any age with 30 years of creditable service.
2. Age 60 with a minimum of ten or more years of creditable service.
3. Any age with ten years of creditable service eligible for disability benefits.
4. Survivor's benefits require five years creditable service at death of member.

Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

Eligibility for retirement for Plan B members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven or more years of creditable service.
2. Age 62 with ten or more years of creditable service.
3. Age 55 with thirty or more years of creditable service.
4. Any age with twenty five years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

Generally, the monthly amount of retirement shall consist of an amount equal to 2% of the employee's final compensation multiplied by his or her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. The System also provides death and disability benefits. Benefits are established or amended by state statutes.

For the year ended May 31, 2025, the Town of Zwolle's total payroll for all employees was \$731,047. The total covered payroll was \$284,917. The covered payroll refers to all compensation paid by the Town of Zwolle to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810, or by visiting the System's website www.mersla.com.

Contributions

According to the state statute, contribution requirements for all employers are actuarially determined each year. For the year ended May 31, 2025, the actual employer contribution rate was 14.0% for Plan B, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statutes, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. The Town of Zwolle's contributions to the System under Plan B for the year ending May 31, 2025 were \$40,202.

Under Plan B, members are required by the state statute to contribute 5.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Zwolle to the System monthly.

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

At May 31, 2025, the Town reported a liability of \$167,459 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of May 31, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Zwolle's proportion of the Net Pension Liability was based on a projection of the Town of Zwolle's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At May 31, 2024, the Town of Zwolle's proportion was 0.275983%, which was an increase of 0.029048% from its proportion measured as of May 31, 2023.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

For the year ended May 31, 2025, the Town of Zwolle recognized the system pension expense of \$26,755 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was (\$32,773). Total pension expense for the Town was (\$6,018).

At May 31, 2025, the Town of Zwolle reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,590	\$ 1,361
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan	6,027	-
Changes in Employer's Proportion of Beginning Net Pension Liability	13,296	1,828
Difference Between Employer and Proportionate Share of Contributions	-	828
Contributions After the Measurement Period	40,202	-
Total	<u>\$ 61,115</u>	<u>\$ 4,017</u>

The \$40,202 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended May 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending May 31:	
2026	\$ 9,142
2027	2,864
2028	16,795
2029	(1,088)
2030	

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024, are as follows:

Valuation Date	June 30, 2024	
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Investment Rate of Return	6.85%	
Inflation Rate	2.50%	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1 - 4	6.40%
	Above 4	4.50%
Expected Remaining Service Lives	4 Years	
Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	
Employee Mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.	
Disabled Lives Mortality	PubG-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales.	
Expected Remaining Service Lives	3 Years for Plan B	

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	56%	2.44%
Public Fixed Income	29%	1.26%
Alternatives	15%	0.65%
	<u>100%</u>	<u>4.35%</u>
Inflation		2.50%
Expected Arithmetic Norminal Return		<u>6.85%</u>

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

Discount Rate

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2024. 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 payment to determine the total pension liability.

Sensitivity of the Town of Zwolle's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Zwolle's proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the Town of Zwolle's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage-point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's Proportionate Share of			
Net Pension Liability	\$ 260,026	\$ 167,459	\$ 89,225

Municipal Police Employees' Retirement System of Louisiana (System)

Plan Description

The Town of Zwolle contributes to the Municipal Police Employees' Retirement System of Louisiana (System) which is a cost sharing multiple employer defined benefit pension plan. Membership in the System is mandatory for all full-time police officers employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria.

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

1. Any age with 25 years of creditable service.
2. Age 50 with a minimum of twenty or more years of creditable service.
3. Age 55 with a minimum of twelve years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

The monthly amount of benefits are 3 1/3% of their average final compensation (employees average monthly earnings during the highest 36 consecutive or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

These notes are an integral part of these financial statements.

**TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025**

NOTE 11- EMPLOYEE RETIREMENT SYSTEMS - Continued

Eligibility for retirement for members hired on or after January 1, 2013 is as follows:

Hazardous Duty

1. Any age with 25 years of creditable service.
2. Age 55 with twelve or more years of creditable service.
3. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

Non Hazardous Duty

1. Any age with 30 years of creditable service.
2. Age 55 with twenty-five or more years of creditable service.
3. Age 60 with ten or more years of creditable service.
4. After 20 years of creditable service at any age, with actuarially reduced benefit from age 55.

The benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

The system also provides death and disability benefits. Benefits are established or amended by state statutes.

For the year ended May 31, 2024, the Town of Zwolle's total payroll for all employees was \$731,047. The total covered payroll was \$155,897. Covered payroll refers to all compensation paid by the Town of Zwolle to active employees covered by the Plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411, or by visiting the System's website www.lampers.org.

Contributions

According to the state statute, contribution requirements for all employers are actuarially determined each year. For the year ended May 31, 2025, the actual employer contribution rate was 35.601 %, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. The Town of Zwolle's contributions to the System for the year ended May 31, 2024 were \$55,175.

Members are required by the state statute to contribute 10.00% of their annual covered salary. The contributions are deducted from the employee's wages or salary and remitted by the Town of Zwolle to the System monthly.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

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

At May 31, 2024, the Employer reported a liability of \$441,193 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of May 31, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town of Zwolle's proportion of the Net Pension Liability was based on a projection of the Town of Zwolle's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At May 31, 2024, the Town of Zwolle's proportion was 0.048697%, which was a decrease of 0.025225% from its proportion measured as of May 31, 2022.

For the year ended May 31, 2025, the Town of Zwolle recognized the system pension expense of \$75,057 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, which was \$37,950. Total pension expense for the Town was \$113,007.

At May 31, 2025, the Town of Zwolle reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 23,887	\$ 13,346
Changes in Assumptions	-	
Net Difference Between Projected and Actual Earnings on Pension Plan	12,265	
Changes in Employer's Proportion of Beginning Net Pension Liability	193,175	160,967
Difference Between Employer and Proportionate Share of Contributions		(3,946)
Contributions After the Measurement Period	55,175	
Total	\$ 284,502	\$ 170,367

The \$55,175 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of Net Pension Liability in the year ended May 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

Year Ending May 31:		
2026	\$	(11,608)
2027		(5,555)
2028		14,774
2029		(7,902)
2030		

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2024, are as follows:

Valuation Date	June 30, 2024	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	7.86%, Net of Investment Expense	
Inflation Rate	2.62%	
Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.	
Projected Salary Increases	Years of Service	Salary Growth Rate
	1 - 2	12.30%
	Above 2	4.70%
Expected Remaining Service Lives	4 Years	
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.	

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS - Continued

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality. The best estimates of the arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	52 %	3.14 %
Fixed Income	34 %	1.07 %
Alternatives	14 %	1.03 %
	100 %	5.24 %
Inflation		2.62 %
Expected Arithmetic Norminal Return		7.86 %

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the year ending June 30, 2023. 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 payment to determine the total pension liability.

Sensitivity of the Town of Zwolle's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town of Zwolle's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town of Zwolle's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage-point higher (7.75%) than the current discount rate (assuming all other assumptions remain unchanged):

	1.0% Decrease	Current Discount Rate	1.0% Increase
Employer's Proportionate Share of Net Pension Liability	\$ 655,381	\$ 441,193	\$ 262,387

Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Audit Report at www.lampers.org.

These notes are an integral part of these financial statements.

TOWN OF ZWOLLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDING MAY 31, 2025

NOTE 12- LEASES

At May 31, 2025, the Town of Zwolle is obligated under a certain lease accounted for as an operating lease. This lease is for the use of land comprising 2.98 acres for the operation and drilling of water Wells. The term of the lease is forty years with an annual rental of \$1,500 payable monthly at \$125 per month.

NOTE 13 – RESERVED AND DESIGNATED RETAINED EARNINGS AND FUND BALANCES

The Water and Sewer Fund had restricted net position as follows:

Restricted Assets - Cash and Investments	
Customer Deposits	\$ 71,435
DEQ Loan Reserve Funds	106,717
	<u>\$ 178,152</u>

NOTE 14 - RELATED PARTY TRANSACTIONS

The Town of Zwolle had no related party transactions for the year ended May 31, 2025.

NOTE 15 - GRANTS AND CONTRIBUTIONS

During the year ended May 31, 2025, the Town of Zwolle received contributions from private donors and citizens of \$5,041 for operating expenses. The Town received grants from Act 397 from the Louisiana Department of Treasury totaling \$251,295 for Sewer repairs. In addition, the Town was awarded a Louisiana Community Development Block Grant for recreation improvements as a part of the Love Louisiana Outdoors program. Grant funds received and accrued for the audit period were \$119,622.

NOTE 16 - LITIGATION AND CLAIMS

At May 31, 2025, the Town is a party to legal proceedings involving suits filed against the Town for various reasons; however, the Town does not believe it will be exposed to any material losses in these proceedings. Accordingly, no provision for losses is included in the financial statements.

NOTE 17 - DEFICIT NET POSITION

At May 31, 2025, a net position deficit of \$1,659,590 exists in the Business-Type Activities and Proprietary Fund resulting from amounts owed to Governmental Activities.

NOTE 18 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 2, 2025. This date represents the date the financial statements were available to be issued.

These notes are an integral part of these financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDING MAY 31, 2025

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual Budgetary Basis	Variance
REVENUES				
Taxes:				
Ad Valorem Tax	\$ 80,000	\$ 80,000	\$ 104,869	\$ 24,869
Franchise Tax	100,000	100,000	83,612	(16,388)
Sales Tax	840,000	840,000	989,109	149,109
Other Tax	1,200	1,200	3,653	2,453
Licenses and Permits	84,000	84,000	120,048	36,048
Capital Grant	-	-	119,622	119,622
Operating Grant			5,041	5,041
Intergovernmental	59,700	59,700	73,665	13,965
Fines, Forfeitures, and Court Costs	120,000	120,000	68,270	(51,730)
Rent, Royalty, and Commission	-	-	15,738	15,738
Charges for Services	95,000	95,000	89,048	(5,952)
Miscellaneous	145,305	145,305	45,570	(99,735)
Total Revenues	1,525,205	1,525,205	1,718,245	193,040
EXPENDITURES				
General Government	415,468	429,968	456,836	(26,868)
Public Safety	659,400	654,400	671,967	(17,567)
Streets	157,248	299,248	282,228	17,020
Parks and Recreation	17,800	52,850	26,315	26,535
Sanitation	115,000	115,000	118,139	(3,139)
Capital Outlay	160,000	160,000	130,546	29,454
Total Expenditures	1,524,916	1,711,466	1,686,031	25,435
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	289	(186,261)	32,214	218,475
OTHER FINANCING SOURCES (USES)				
Interest Earnings	3,000	3,000	8,807	5,807
Operating Transfer Out			-	-
Total Other Financing Sources (Uses)	3,000	3,000	8,807	5,807
Net Change in Fund Balance	3,289	(183,261)	41,021	224,282
Total Net Position - Beginning	2,529,591	2,529,591	2,429,764	(99,827)
Prior Period Adjustment	-	-	-	-
Total Net Position - Ending	\$ 2,532,880	\$ 2,346,330	\$ 2,470,785	\$ 124,455

TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDING MAY 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's Proportion of the Pension Liability (Asset)	0.2758983%	0.2469300%	0.2545700%	0.2420100%	0.2217000%	0.1744700%	0.173200%	0.170540%	0.158490%	0.157650%
Employer's Proportionate Share of the Net Pension Liability (Asset)	167,459	198,007	223,507	140,197	200,914	152,631	146,498	147,554	131,372	107,146
Employer's Covered Employee Payroll	284,917	206,317	200,540	189,047	209,764	134,872	127,921	123,705	116,109	108,513
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll	58.77%	95.97%	111.45%	74.16%	95.78%	113.17%	114.52%	119.28%	113.15%	98.74%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.10%	73.25%	69.56%	79.14%	66.26%	66.14%	65.60%	63.49%	63.34%	68.71%

The amounts presented have a measurement date of the previous fiscal year end.

TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY
MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDING MAY 31, 2025

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employer's Proportion of the Pension Liability (Asset)	0.0324720%	0.0739220%	0.0414500%	0.0092180%	0.0000000%	0.0098150%	0.013834%	0.012475%	0.017392%	0.014035%
Employer's Proportionate Share of the Net Pension Liability (Asset)	441,193	780,984	423,693	49,137	-	89,137	116,953	108,912	163,012	109,950
Employer's Covered Employee Payroll	155,897	246,083	112,083	22,926	-	37,235	37,527	36,590	35,577	26,620
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Employee Payroll	283.00%	317.37%	378.02%	214.33%	0.00%	239.39%	311.65%	297.66%	458.19%	413.04%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	75.84%	71.30%	70.80%	84.09%	36.51%	71.01%	71.89%	70.08%	66.04%	70.73%

The amounts presented have a measurement date of the previous fiscal year end.

**TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDING MAY 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributor \$	40,202	\$ 39,227	\$ 31,979	\$ 31,084	\$ 29,064	\$ 29,367	\$ 18,788	\$ 16,676	\$ 13,469	\$ 11,030
Contributions in Relation to Contractually Required Contributor	40,202	39,227	31,979	31,084	29,064	29,367	18,788	16,676	13,469	11,030
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Employer's Covered Payroll	284,917	\$ 253,075	\$ 206,317	\$ 200,540	\$ 189,047	\$ 209,764	\$ 134,872	\$ 127,921	\$ 123,705	\$ 116,109
Contributions as a Percentage of Covered Employee Payroll	14.11%	15.50%	15.50%	15.50%	15.37%	14.00%	13.93%	13.04%	10.89%	9.50%

**TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDING MAY 31, 2025**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contributor \$	55,175	\$ 62,939	\$ 76,599	\$ 37,828	\$ 7,737	\$ -	\$ 12,567	\$ 12,665	\$ 12,349	\$ 12,007
Contributions in Relation to Contractually Required Contributor	55,175	62,939	76,599	37,828	7,737	-	12,567	12,665	12,349	12,007
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
Employer's Covered Payroll	155,897	\$ 187,451	\$ 246,083	\$ 112,083	\$ 22,926	\$ 37,235	\$ 37,527	\$ 36,590	\$ 35,577	\$ 26,620
Contributions as a Percentage of Covered Employee Payroll	35.39%	33.58%	31.13%	33.75%	33.75%	0.00%	33.49%	34.61%	34.71%	45.11%

OTHER SUPPLEMENTAL INFORMATION

TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDING MAY 31, 2025

The schedule of compensation paid to the mayor and the aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund. During the year ended May 31, 2025, the following amounts were paid to the Mayor and Aldermen:

Honorable Marvin Frazier, Mayor	\$	21,600
Aldermen Per Diem:		
Harry Babers	\$	8,400
James Hubbard		8,400
Sandra Newton		8,400
Allen Rivers		8,400
Jane Rivers		8,400
		<u>42,000</u>
Total	\$	<u><u>63,600</u></u>

**TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDING MAY 31, 2025**

Agency Head Name: Honorable Marvin Frazier, Mayor

Purpose	
Salary	\$ 21,600
Payroll Taxes	313
Benefits - Insurance	0
Benefits - Retirement	0
Benefits - Other	0
Car Allowance	0
Vehicle Provided by Government	0
Per Diem	0
Reimbursements	0
Travel	0
Registration Fees	0
Conference Travel	790
Continuing Professional Education Fees	0
Telephone	0
Unvouchered Expenses	0
Special Meals	0
	<u>\$ 22,703</u>

TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF NET POSITION
LCDBG-LLOP RECREATION IMPROVEMENTS
(CONTRACT 2000732974-2021)
AS OF MAY 31, 2025

Assets

Cash and Equivalents	\$ -
Accounts Receivable	67,321
Total Assets	<u>\$ 67,321</u>

Liabilities

Due to Recreation	\$ 67,321
Total Liabilities	<u>\$ 67,321</u>

Net Position

	<u>\$ -</u>
--	-------------

**TOWN OF ZWOLLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
LCDBG-LLOP RECREATION IMPROVEMENTS
(CONTRACT 2000732974-2021)
AS OF MAY 31, 2025**

Revenues

LCDBG Program Income	\$ 119,622
Other Revenue	-
Total Revenues	<u>119,622</u>

Expenses

Administration	-
Acquisition	-
Engineering	-
Construction	119,622
Laboratory Services	-
Construction Inspection	-
Construction Contingencies	-
Total Expenses	<u>119,622</u>

Excess (Deficiency) of Revenues Over (Under) Expenses

-

Other Financing Sources (Uses)

Operating Transfers In(Out)	-
Total Other Financing Sources (Uses)	<u>-</u>

**Excess Revenues and Other Sources Over (Under)
and Other Uses**-**Net Position - May 31, 2024**-**Net Position - May 31, 2025**\$ -

TOWN OF ZWOLLE, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDING MAY 31, 2025

	First Six Month Period Ended November 30, 2024	Second Six Month Period Ended May 31, 2025
Cash Presentation		
Beginning Balances of Amounts Collected	\$ -	\$ -
Add:		
Criminal Court Costs/Fees	33,114	35,156
Criminal Fines - Other	-	-
Subtotal Collections	33,114	35,156
Less: Disbursements to Governments & Nonprofits		
LDHH-THSCI	605	415
Louisiana Commission on Law Enforcement - Court Costs	290	214
Louisiana Judicial College	73	53
North Louisiana Crime Laboratory Commission	5,009	3,743
Treasurer, State of Louisiana - CMIS	145	107
Ware Youth Center Authority	1,087	801
Total Disbursements to Governments & Nonprofits	7,209	5,333
Less: Amounts Retained by Collecting Agency	25,905	29,823
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements and Retainage	33,114	35,156
Total Ending Balances Collected But Not Disbursed (Cash on Hand)	\$ -	\$ -

OTHER REPORTS

JUDY MONCRIEF CPA LLC

910 Pierremont Road, Suite 311
Shreveport, Louisiana 71106-2069

Phone (318) 683-1002 Fax (318) 670-8021 Email jemcpa@att.net

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

Mayor and Board of Aldermen
Town of Zwolle
Zwolle, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Zwolle ("Town") as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated September 2, 2025.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 2, 2025

**TOWN OF ZWOLLE, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDING MAY 31, 2025**

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the general-purpose financial statements of the Town of Zwolle.
2. No material weakness in internal control was disclosed during the audit.
3. There were no instances of noncompliance material to the financial statements of the Town to disclose.

B. Financial Statements Findings

None.

**TOWN OF ZWOLLE, LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDING MAY 31, 2025**

2023-001. Compliance with Local Government Budget Act

Status: Resolved.

2022-002. Late Submission of Annual Financial Statements

Status: Resolved.

**TOWN OF ZWOLLE
202 ALLEN STREET
ZWOLLE, LOUISIANA 71061**

**CORRECTION ACTION PLAN
For the Year Ending May 31, 2025**

Town of Zwolle hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

None.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Mayor and Board of Aldermen of Town of Zwolle and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Zwolle (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through May 31, 2025. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures*

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

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

Written policies and procedures were obtained. The Town is in compliance with the above policies.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions.

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

No exceptions.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions.

3) Bank Reconciliations

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

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

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

Bank reconciliations have initials of the accountant reviewing them.

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

Reconciling items outstanding for more than 12 months were written off.

4) Collections (excluding electronic funds transfers)

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

Obtained a listing of deposit sites and the corresponding collection locations and management's representation that the listing is complete.

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

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

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

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

Obtained a listing of locations that process payments and management's representation that the listing is complete.

- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

Obtained a listing of all employees involved with non-payroll purchasing and payment functions.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

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

No exceptions noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions noted.

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

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

Obtained a representation of the disbursement population for the fiscal year and management's assertion that the population is complete.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

All disbursements matched the related original invoice/billing statement.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

Three of the five disbursements included evidence of segregation of duties.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

Obtained complete listing of all active credit cards, debit cards, fuel cards, and P-cards and management's representation that the listing is complete.

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

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

Observed there is evidence the monthly statement was reviewed and approved, in writing, by someone other than the authorized card holder.

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

Observed finance charges on one selected statement.

- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation

of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Transactions were supported by an itemized receipt.

Transactions were supported by documentation of business/public purpose

Not Applicable.

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

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

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

No exceptions noted.

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

No exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions noted.

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

No exceptions noted.

8) Contracts

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

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

Not applicable.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

9) Payroll and Personnel

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

Obtained complete listing of employees and management's representation that the listing is complete. No personnel files containing authorized pay rates for the 5 employees selected to test were maintained by management.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No personnel files to observe.

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

Obtained a signed statement from management that stated no employee received a termination payment during the year.

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

No exceptions noted.

10) Ethics

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

The Town has a written policy concerning ethics which requires employees to complete one hour of ethics training during the calendar year and maintains the certifications of achievement.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions noted.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable.

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

Obtained a listing of bonds outstanding and management's representation that the listing is complete. The randomly selected bond's reserve balance was underfunded compared to what the debt covenant requires.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the

listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

Management has asserted that there were not any misappropriations of funds or assets.

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

Observe that the entity has the notice posted on its premises.

13) Information Technology Disaster Recovery/Business Continuity

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

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

The accountant overseeing the accounting function backs up the upon each visit to the Town.

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

Back up files were provided by the accountant overseeing the accounting function.

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

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Terminated employees have been removed from the active employee list in QuickBooks.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267.

The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

No cybersecurity training has been documented.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

Observed the sexual harassment training documentation and certifications.

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

Observed the posting of Town's sexual harassment policy and complaint procedures on its website.

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

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Management has asserted that there have been no sexual harassment reported for the current year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those CIC areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures; other matters might have come to our attention that would have been reported to you.

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

Judy Moncrief CPA LLC
Shreveport, Louisiana
September 2, 2025