

TOWN OF CLINTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021

**TOWN OF CLINTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECMEBER 31, 2021
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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor Mark Kemp
And Members of the Board of Aldermen
PO Box 513
Clinton, LA 70722

Report on the Audit of the Financial Statements

Opinions

I have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Clinton's basic financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Town of Clinton, Louisiana, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report I am required to be independent of the Town of Clinton, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

My 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 my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

I am 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 I 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, budgetary comparison information, the Schedule of the Town's Proportionate Share of Net Pension Liability, and Schedule of the Town's Contributions 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Clinton, Louisiana's basic financial statements. The accompanying schedules listed as Other Supplemental Information in the table of contents are presented for purposes of additional analysis and are not a required part of the basis financial statements.

The schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to agency head, and the justice system funding schedule-collecting/disbursing entity were derived from and relate 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 my opinion, the 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*, I have also issued my report dated September 12, 2022, on my consideration of the Town of Clinton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Clinton's internal control over financial reporting and compliance.



Minda Raybourn CPA
Franklinton, LA
September 12, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

As management of the Town of Clinton, Louisiana (hereinafter referred to as the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended December 31, 2021. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

ACCOMPLISHMENTS OVER THE PAST YEAR

- Total net position at the end of December 31, 2021 was \$4,794,621. Of this amount, \$702,950 was reported as unrestricted net position. Net investments in capital assets, net of related debt was \$3,693,459. Restricted net position is \$7,671 for utility customer deposits and \$390,541 in the sales tax fund.
- The most significant ongoing revenues sources in the governmental activities are sales taxes of \$441,688, property taxes of \$779,820, and utility franchise taxes of \$107,769, \$123,910 of license and permits, and fines of \$212,469.
- Charges for business-type activities of the utility fund were \$251,124 in gas charges and \$177,457 in sewer charges.
- The Town's most significant expenditures for governmental activities included \$453,536 for police, \$9,567 for fire protection, \$290,207 for general government activities, and \$242,910 in public works expenditures.
- Expenditures for the business-type activities were \$561,136.
- For the year ended December 31, 2021, the Town's bonds payable decreased by \$93,000 due to the yearly principal payments. Interest payments were \$2,792.
- The Town had new capital acquisitions in the amount of \$159,526.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. They are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government financial statements are designed to provide readers with broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the Town's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changes during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the Town include water, gas and sewer services.

The government-wide financial statements can be found on pages 17-18 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and the street and sidewalks fund, both of which are considered to be major funds.

The Town adopts an annual budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with these budgets.

The governmental funds financial statements can be found on pages 20-23 of this report.

Proprietary funds. The Town maintains only one type of proprietary fund - enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its utilities (water, gas and sewer). Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary funds financial statements can be found on pages 24-28 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budgetary comparison schedules for its major governmental funds. This required supplementary information can be found immediately following the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of government's financial position. The following is a summary of the Town's net position:

Summary of Net Position

	Governmental Activities		Business Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
ASSETS						
Current and other assets	\$ 1,529,644	\$ 606,044	\$ 99,862	\$ 243,792	\$ 1,629,506	\$ 849,836
Restricted assets	390,541	303,663	32,933	5,722	423,474	309,385
Capital assets, net	1,919,502	1,966,065	1,870,957	1,890,657	3,790,459	3,856,722
Total Assets	3,839,687	2,875,772	2,003,752	2,140,171	5,843,439	5,015,943
DEFERRED OUTFLOWS	20,189	83,800	23,765	53,237	43,954	137,037
LIABILITIES						
Current liabilities	383,588	201,954	92,444	93,539	476,032	295,493
Long-term liabilities	246,941	443,293	126,898	175,547	373,839	618,840
Total Liabilities	630,529	645,247	219,342	269,086	849,871	914,333
DEFERRED INFLOWS	196,352	143,048	46,549	33,665	242,901	176,713
NET POSITION						
Net investment in capital assets	1,822,502	1,776,065	1,870,957	1,890,657	3,693,459	3,666,722
Restricted	390,541	303,663	7,671	5,722	398,212	309,385
Unrestricted	819,952	91,549	(117,002)	(5,722)	702,950	85,827
Total Net Position	\$ 3,032,995	\$ 2,171,277	\$ 1,761,626	\$ 1,890,657	\$ 4,794,621	\$ 4,061,934

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is 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 investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position represents resources that are subject to external restrictions on how they may be used. It is the remaining balance of net position, considered unrestricted, that may be used to meet the government's on-going obligations to citizens and creditors.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

At the end of the fiscal year, the Town reported total net position of \$4,794,621. The Town reported a total unrestricted net position of \$702,590.

A summary of the change in net position are shown below:

TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

Summary of Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
REVENUES						
Charges for services	\$ 255,388	\$ 99,770	\$ 428,581	\$ 444,145	\$ 683,969	\$ 543,915
Grants and Contributions:						
Operating	105,204	105,375	3,213	5,739	108,417	111,114
Capital	-	-	-	-	-	-
General Revenues:						
Licenses and permits	123,910	114,378	-	-	123,910	114,378
Franchise fees	107,769	90,291	-	-	107,769	90,291
Taxes	1,225,344	825,192	-	-	1,225,344	825,192
Interest earned	394	1,278	311	-	705	1,278
Gain on disposal of asset	15,750	-	-	(580,705)	15,750	(580,705)
Other revenues	26,971	74,801	-	21,647	26,971	96,448
Transfers	-	-	-	-	-	-
Total Revenues	<u>1,860,730</u>	<u>1,311,085</u>	<u>432,105</u>	<u>(109,174)</u>	<u>2,292,835</u>	<u>1,201,911</u>
					-	-
EXPENSES						
General government	290,207	230,214	-	-	290,207	230,214
Public safety	463,103	472,393	-	-	463,103	472,393
Public works	242,910	245,948	-	-	242,910	245,948
Gas and water utilities	-	-	561,136	595,521	561,136	595,521
Interest on long-term debt	2,792	5,860	-	-	2,792	5,860
Total Expenses	<u>999,012</u>	<u>954,415</u>	<u>561,136</u>	<u>595,521</u>	<u>1,560,148</u>	<u>1,549,936</u>
					-	-
Change in Net Position	861,718	356,670	(129,031)	(704,695)	732,687	(348,025)
Net Position, beginning of year - restated	<u>2,171,277</u>	<u>1,814,607</u>	<u>1,890,657</u>	<u>2,595,352</u>	<u>4,061,934</u>	<u>4,409,959</u>
					-	-
Net Position, end of year	<u>\$ 3,032,995</u>	<u>\$ 2,171,277</u>	<u>\$ 1,761,626</u>	<u>\$ 1,890,657</u>	<u>4,794,621</u>	<u>4,061,934</u>

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Governmental Activities

The town's governmental net position increased \$861,718 as compared to the prior net position increase of \$356,670. Total revenues increased \$549,645 and total expenditures increased \$44,597.

Fines and forfeitures increased \$108,957. Taxes increased \$400,152. The town received the annual contribution from the Parish Wide Fire Protection District for \$96,573.

Public safety expenditures decreased \$9,290. Public works expenditures decreased \$3,038. General government expenditures increased \$59,993. Interest expense decreased \$3,068.

Business-type Activities

The Town's business-type net position decreased \$129,031 as compared to the prior net position change of \$704,695. In 2020, the Town transferred the water system to the East Feliciana Rural Water System resulting in a loss of \$580,705. This represents the undepreciated basis of the water system.

Charges for services decreased \$15,564. Total expenditures for the utility fund decreased \$34,385.

Fund Financial Analysis

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,459,486. Fund balance is as follows: nonspendable \$23,757 assigned \$14,017, restricted \$592,879 and unassigned \$829,234.

This represents an increase of \$657,890 for all governmental funds from the prior year's ending fund balance. The General Fund is the chief operating fund of the Town. At the end of the current year, the Town's general fund balance was \$873,086. The sales tax fund was \$586,400.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The Town's proprietary fund had a positive balance of \$1,761,626. Of this amount the net position is as follows: net investments in capital assets \$1,870,957, restricted for customer deposits \$7,671, and unrestricted of (\$117,002). The unrestricted net position is due to the effects of the pension related accounting standards.

BUDGETARY HIGHLIGHTS

There were no funds that had actual revenues and other sources under budgeted revenues resulting in unfavorable variances greater than 5% in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2021. The town's general fund and special revenue fund had actual expenses and other uses that resulted in unfavorable variances greater than 5%. The general fund expenditures were over budget by 11%. The special revenue fund expenditures were over budget by 35%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2021, amounted to \$3,790,459 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, streets and sidewalks, equipment vehicles, utility systems and furniture and fixtures. Capital assets are detailed in the following table.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

		Summary of Capital Assets (net of depreciation)	
		Governmental Activities	
		2021	2020
Land		\$ 1,000	\$ 1,000
Buildings		585,612	614,182
Infrastructure		1,244,818	1,334,630
Equipment		86,467	14,244
Vehicles		-	-
Furniture and fixtures		1,605	2,009
Net Capital Assets		\$ 1,919,502	1,966,065
		Business-Type Activities	
		2021	2020
Land		11,970	11,970
Buildings		42,542	48,116
Equipment		-	-
Vehicles		13,835	1,580
Utilities		1,802,610	1,828,991
Net Capital Assets		\$ 1,870,957	\$ 1,890,657

For the governmental funds and business-type funds, the Town purchased \$159,526 in new assets.

Debt Administration. In October of 2012, the Town adopted an ordinance for the issuance of \$760,000 in Limited Tax Bonds, Series 2012 for the purchase of a fire station. Repayment of these bonds will be through the levy of a property tax of 6.65 mills. The bonds will mature over nine years, beginning in 2014, at an interest rate of 2.49%. Interest paid/accrued during the current year totaled \$6,562 while principal payments totaled \$87,000.

The Parish Wide Fire Protection District reimburses the Town for the annual payment each year. This year's payment from the District was for \$96,573.

There is a balance due on this long-term obligation at December 31, 2021, of \$97,000.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

	Governmental Activities		Business-Type Activities		Total	
	2020	2021	2020	2021	2020	2021
Limited Tax Bonds	\$ 190,000	\$ 97,000	\$ -	\$ -	\$ 190,000	\$ 97,000
Capital Lease Obligations	-	-	-	-	-	-
Ending Balance	\$ 190,000	\$ 97,000	\$ -	\$ -	\$ 190,000	\$ 97,000

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Town of Clinton's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to borrow for long-term projects only when absolutely necessary, actively pursuing grant funds to minimize the cost of major projects. The Town is facing increasing costs and has an obligation to its citizens to maintain or increase the level of services being provided.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to 11209 Bank Street, Clinton, LA 70722, (225) 683-5531 or info@townofclintonla.com.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2021

<u>ASSETS</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 953,724	\$ 36,152	\$ 989,876
Receivables, net	524,124	54,076	578,200
Due from other funds	28,039	-	28,039
Prepaid expenses	23,757	9,634	33,391
Restricted assets:			
Cash and cash equivalents	390,541	32,933	423,474
Capital assets, net of depreciation	1,919,502	1,870,957	3,790,459
Total Assets	3,839,687	2,003,752	5,843,439
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	20,189	23,765	43,954
Total deferred outflows of resources	20,189	23,765	43,954
 <u>LIABILITIES</u>			
Accounts payable	17,397	38,709	56,106
Accrued interest payable	814	-	814
Payroll related payables	38,344	-	38,344
Accrued benefits	6,063	-	6,063
Accrued wages	2,758	434	3,192
Unearned revenues	318,212	-	318,212
Due to other funds	-	28,039	28,039
Payables from restricted assets:			
Customer deposits	-	25,262	25,262
Bonds payable:			
Due within one year	97,000	-	97,000
Long-term portion	-	-	-
Net pension liability	149,941	126,898	276,839
Total Liabilities	630,529	219,342	849,871
 <u>DEFERRED INFLOWS RESOURCES</u>			
Pension related	196,352	46,549	242,901
Total deferred inflows of resources	196,352	46,549	242,901
 <u>NET POSITION</u>			
Net investment in capital assets	1,822,502	1,870,957	3,693,459
Restricted for:			
Customer deposits	-	7,671	7,671
Streets and sidewalks	390,541	-	390,541
Unrestricted	819,952	(117,002)	702,950
Total Net Position	\$ 3,032,995	\$ 1,761,626	\$ 4,794,621

The accompanying notes are an integral part of the financial statements

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Functions/Programs	Program Revenues				Net Revenues (Expenses)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 290,207	\$ 22,719	\$ 2,540	\$ -	\$ (264,948)	\$ -	\$ (264,948)
Public safety-Police	453,536	230,469	3,408	-	(219,659)	-	(219,659)
Public safety-Fire	9,567	-	96,573	-	87,006	-	87,006
Public Works	242,910	2,200	2,683	-	(238,027)	-	(238,027)
Interest on capital leases	-	-	-	-	-	-	-
Interest on long-term debt	2,792	-	-	-	(2,792)	-	(2,792)
Total Governmental Activities	999,012	255,388	105,204	-	(638,420)	-	(638,420)
Business-type Activities							
Gas services	345,331	251,124	-	-	-	(94,207)	(94,207)
Sewer services	215,805	177,457	3,213	-	-	(35,135)	(35,135)
Total Business-type Activities	561,136	428,581	3,213	-	-	(129,342)	(129,342)
Total Primary Government	1,560,148	683,969	108,417	-	(638,420)	(129,342)	(767,762)
General Revenues and Transfers							
Licenses and permits					123,910	-	123,910
Franchise fees					107,769	-	107,769
Property taxes					779,820	-	779,820
Sales taxes					441,688	-	441,688
Other taxes					3,836	-	3,836
Interest earned					394	311	705
Gain/loss on disposal of asset					15,750	-	15,750
Other revenues					26,971	-	26,971
Transfers					-	-	-
Total General Revenues and Transfers					1,500,138	311	1,500,449
Change in Net Position					861,718	(129,031)	732,687
Net Position, beginning, as restated					2,171,277	1,890,657	4,061,934
Net Position, ending					\$ 3,032,995	\$ 1,761,626	\$ 4,794,621

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

FUND FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	<u>General</u>	<u>Street and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 953,724	\$ -	\$ 953,724
Receivables, net:			
Franchise fees	24,594	-	24,594
Property taxes	414,140	-	414,140
Sales taxes	32,919	50,033	82,952
Other taxes	2,438	-	2,438
Due from other governmental agencies	-	-	-
Due from other funds	-	147,952	147,952
Prepaid expenses	21,236	2,521	23,757
Restricted assets:			
Cash and cash equivalents	-	390,541	390,541
Investments	-	-	-
	1,449,051	591,047	2,040,098
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	13,014	4,383	17,397
Payroll liabilities	38,344	-	38,344
Accrued benefits	6,063	-	6,063
Accrued wages	2,494	264	2,758
Unearned revenues	318,212	-	318,212
Due to other funds	119,913	-	119,913
	498,040	4,647	502,687
Deferred Inflows of Resources			
Property taxes	77,925	-	77,925
	77,925	-	77,925
Fund Balances			
Nonspendable	21,236	2,521	23,757
Assigned to:			
Public Safety	14,017	-	14,017
Restricted for:			
Streets and sidewalks	-	583,879	583,879
Public safety	8,599	-	8,599
Unassigned	829,234	-	829,234
	873,086	586,400	1,459,486
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,371,126	\$ 591,047	\$ 1,962,173

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

TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2021

Total Fund Balances - Total Governmental Funds	\$	1,459,486
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheets. This is the capital assets, nets of accumulated depreciation, reported on the Statement of Net Position.		1,919,502
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Some of the Town's ad valorem taxes will be collected after year-end but are not available soon enough to pay for the current period expenditure, and therefore, are deferred in the		77,924
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Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.		(814)
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Long-term liabilities of governmental activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. These are the long-term liabilities of the governmental activities:		
Bonds		(97,000)
Net pension liability		(149,940)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions		20,189
Deferred inflows of resources related to pensions		(196,352)

Total Net Position of Governmental Activities	\$	<u>3,032,995</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2021

<u>REVENUES</u>	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
Fines and other costs	\$ 212,469	\$ -	\$ 212,469
Franchise fees	107,769	-	107,769
Interest	394	-	394
Intergovernmental revenues	18,000	-	18,000
Licenses and permits	123,910	-	123,910
Other revenues	47,892	4,000	51,892
Taxes - beer	3,836	-	3,836
Taxes - property	701,895	-	701,895
Taxes - sales	175,275	266,413	441,688
Total Revenues	1,391,440	270,413	1,661,853
 <u>EXPENDITURES</u>			
General government	276,802	-	276,802
Public safety:			
Police	491,833	-	491,833
Fire	9,567	-	9,567
Public works		159,242	159,242
Debt Service:			
Lease Principal		-	-
Lease Interest		-	-
Principal	93,000	-	93,000
Interest	2,792	-	2,792
Capital outlay	47,550	35,500	83,050
Total Expenditures	921,544	194,742	1,116,286
 Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)			
	469,896	75,671	545,567
 <u>OTHER FINANCING SOURCES (USES)</u>			
Grants and other contributions	96,573	-	96,573
Sale of capital assets	15,750	-	15,750
Operating transfers, net	-	-	-
Net Other Financing Sources (Uses)	112,323	-	112,323
 Change in Fund Balances			
	582,219	75,671	657,890
Fund Balances, beginning	290,867	510,729	801,596
Fund Balances, ending	\$ 873,086	\$ 586,400	\$ 1,459,486

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

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 657,890

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation charged differed from capital outlay in the current period.

Capital outlays recorded as expenditures in governmental	83,050
Depreciation not reported in governmental funds	(129,614)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This represents the change in unavailable revenue-property taxes

77,925

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which pension contributions charged differed from the actuarial cost of benefits.

70,836

Non employer contributions to cost sharing pension plan

8,631

Governmental funds report payments on long-term obligations as expenditures. However, in the Statement of Activities, these payments are recognized as decreases in the long-term debt. This is the change in long-term obligations during the year:

Accrued compensated absences	
Accrued Interest	
Lease Payments	
Bonds	93,000
	93,000

Change in Net Position of Governmental Activities	\$ 861,718
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The accompanying notes are an integral part of the financial statements.

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

<u>ASSETS</u>	<u>Enterprise Funds</u> <u>Utility</u>
Current Assets	
Cash and cash equivalents	\$ 36,152
Receivables, net	50,006
Unbilled receivables	4,070
Grant receivable	-
Prepaid expenses	9,634
Total Current Assets	99,862
Restricted Assets	
Cash and cash equivalents	32,933
Total Restricted Assets	32,933
Capital Assets	
Land	11,970
Buildings	150,546
Equipment	104,934
Vehicles	44,430
Gas system	1,662,711
Sewer system	3,955,288
Less: Accumulated depreciation	(4,058,922)
Net Capital Assets	1,870,957
Total Assets	2,003,752
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 23,765</u>
LIABILITIES	
Current Liabilities	
Payable from current assets:	
Accounts Payable	\$ 38,709
Accrued wages	434
Compensated absences	-
Due to other funds	28,039
Total Current Liabilities, Payable from Current Assets	67,182
Payable from restricted assets:	
Customer deposits	25,262
Total Current Liabilities, Payable from Restricted Assets	25,262
Total Current Liabilities	92,444
Long-term Liabilities	
Net pension liability	126,898
Total Liabilities	219,342
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>46,549</u>
NET POSITION	
Net investment in capital assets	1,870,957
Restricted for customer deposits	7,671
Restricted for grant activity	-
Unrestricted	(117,002)
Total Net Position	\$ 1,761,626

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

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021

	Enterprise Funds
	<u>Utility</u>
<u>OPERATING REVENUES</u>	
Gas sales and service	\$ 251,124
Sewer sales and service	176,611
Intergovernmental	3,213
Late fees/penalties	846
Total Operating Revenues	431,794
<u>OPERATING EXPENSES</u>	
Cost of Gas Sold	155,616
Bad Debts	125
Depreciation	96,177
Employee Benefits	17,837
Insurance	30,545
Gas System Expense	25,320
Professional Fees	8,191
Waste Water System	48,095
Repairs and Maintenance	2,391
Salaries and Wages	132,832
Payroll Taxes	8,426
Supplies	4,193
Telephone & Internet	5,065
Vehicle Fuel	4,245
Utilities	11,710
Uniforms	2,466
Other	7,902
Total Operating Expenses	561,136
Operating Income (Loss)	(129,342)
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Grants and other contributions	-
Interest income	311
Other revenues	-
Operating transfers, net	-
Total Non-Operating Revenues (Expenses)	311
Change in Net Position	(129,031)
Total Net Position, beginning	1,890,657
Total Net Position, ending	\$ 1,761,626

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

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>Enterprise Fund:</u> <u>Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 433,842
Cash received from meter deposits	327
Cash paid to employees for services	(141,794)
Cash paid to suppliers for goods and services	<u>(244,562)</u>
Net Cash Provided by (Used for) Operating Activities	47,813
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments made to/from other funds	(3,000)
Operating transfers	<u>-</u>
Net Cash Used for Non-Capital Financing Activities	(3,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(76,477)
Cash received from grantors	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	(76,477)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>311</u>
Net Cash Provided by Investing Activities	311
Increase/Decrease in Cash and Cash Equivalents	(31,353)
Cash and Cash Equivalents, beginning	<u>100,438</u>
Cash and Cash Equivalents, ending	<u><u>69,085</u></u>
CASH PRESENTATION OF STATEMENTS OF NET ASSETS:	
Current Assets: Cash and cash equivalents	36,152
Restricted Assets: Cash and cash equivalents	<u>32,933</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 69,085</u></u>

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

**TOWN OF CLINTON, LOUISIANA
CHANGES IN FUND NET POSITION
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income/(loss)	\$ (129,342)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	96,177
(Increase) decrease in assets:	
Accounts receivable	(12,032)
Grants receivable	-
Prepaid expenses	(3,045)
Increase (decrease) in liabilities:	
Accounts payable	2,861
Accrued Wages	(4,063)
Compensated Absenses	(4,900)
Bank Overdraft	-
Due to/from other funds	140,086
Deferred Inflows-Outflows-Pensions	(16,618)
Customer deposits	327
Net pension liability and related resources	<u>(117,264)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (47,813)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

INTRODUCTION

The Town of Clinton, Louisiana (hereafter referred to as the Town) was incorporated on March 9, 1852, under the provisions of the Special Charter Act 120 of 1852. The Town operates under a Mayor-Board of Alderperson form of government. The charter was amended in 1996 to allow larger fines to be assessed by the Mayor's Court. It was also amended in 2003 to recognize duties and authority within the Police Department where the charter previously recognized a Town Marshal. This was done to be consistent with the creation of a Police Department in 1993.

The citizens of the Town elect the Mayor and five Alderpersons at large every four years. They are compensated for their services.

The purpose of the municipality is to promote the general welfare and the safety, health, peace, good order, comfort, convenience and morals of its inhabitants. The Town provides fire and police protection, street maintenance, gas, water and sewer services.

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 1,340 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing about 424 gas and 695 sewer customers through its utility department and employs 15 persons.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the Town conforms to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidelines set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation of management or governing authority and authority to issue debt. Certain units of local government over which the Town exercises no oversight responsibility, such as the parish police jury, parish school board, and other independently elected officials, and other municipalities within the parish, are excluded from the accompanying financial statements.

These units of government are considered separate reporting entities and issue financial statements separate from those of the Town.

Government-Wide Accounting: In accordance with the Statement No. 63 of the Government Accounting Standards Board, the Town has presented a statement of net position and statement of activities for the Town as a whole. These statements include the primary government and its component units, if applicable, with the

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

exception of fiduciary funds. Those funds are reported separately. Government-wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental activities are those financed through taxes, intergovernmental revenues and other non-exchange revenues and are usually reported in governmental and internal service funds. Business activities are financed in whole or in part through fees charged for goods or services to the general public and are usually reported in proprietary funds.

Policies specific to the government-wide statements are as follows:

Eliminating Internal Activity

Inter-fund receivables and payables are eliminated in the statement of net position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function is eliminated in the statement of activities. Allocated expenses are reported by the function to which they were allocated.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the statement of net position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted net position.

Under the requirements of GASB Statement No. 34, the Town is considered a Phase 3 government, as its total annual revenues were less than \$10 million. Such governments were not required to report major general infrastructure assets retroactively back to 1982, during implementation of Statement No. 34. The Town opted not to retroactively report these types of capital assets.

Program Revenues

The statement of activities presents three categories of program revenues - (1) charges for services; (2) operating grants and contributions; and (3) capital grants and contributions. Charges for services are those revenues arising from charges to customers who purchase, use or directly benefit from goods and services provided by the Town. Grants and contributions, whether operating or capital in nature, are revenues arising from receipts that are restricted for a specific use.

Direct/Indirect Expenses

Expenses are reported according to function except for those that meet the definition of special or extraordinary items. Direct expenses are specifically associated with a service or program. Indirect expenses include general government or administration that cannot be specifically traced to a service or program. Governments are not required to allocate indirect expenses to other functions, and the Town has chosen not to do so.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Operating Revenues

Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the Town's operation of providing water, gas and sewer services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Restricted Net Position

Restricted net position are those for which a constraint has been imposed either externally or by law. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net position are used.

Fund Accounting: The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate entity with a self-balancing set of accounts. Funds of the Town are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds: Governmental funds account for all or most of the Town's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term obligations. Governmental Funds include:

1. General Fund - the general operating fund of the Town accounting for all financial resources, except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Proprietary Funds: Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator.

Proprietary funds include:

1. Enterprise Funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (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 purposes.

Basis of Accounting/Measurement Focus: Its type of financial statement presentation determines the accounting and financial reporting treatment applied to a fund.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. Non-exchange transactions such as property taxes and grants are recognized in the year for which the taxes were levied or when the eligibility requirements are met. In these statements, capital assets are reported and depreciated in each fund.

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available, and expenditures are recorded when the related fund liability is incurred. An exception is unmatured principal and interest on general long-term debt which is recognized when due. The Town considers all revenues available if they are collected within sixty days after year-end. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Budgets and Budgetary Accounting: The Town adopts an annual budget for all of its funds prepared in accordance with the basis of accounting utilized by that fund. The Board of Alderpersons must approve any revisions that alter the total expenditures and are passed on an as-needed basis. A balanced budget is required.

Cash and Cash Equivalents: Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed ninety days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings.

Prepaid Expenses: Prepaid expenses include premiums paid on insurance policies for terms that extend beyond year-end.

Restricted Assets: Certain cash and investments are classified as restricted because law or donor restriction limits their use.

Capital Assets: The Town's assets are recorded at historical cost. Contributed assets, if any, are reported at estimated fair value at the time of the donation. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Buildings	40 years	Vehicles	7-10 years
Equipment	4-10 years	Infrastructure	20-50 years
Office furniture	5-7 years		

The Town's capitalization policy includes adding all assets with a value of \$5,000 or more. However, assets that are less in value may be capitalized if use will benefit more than one period and tracking is desired such as is the case with weapons or radio equipment.

Compensated Absences: Employees of the Town earn annual leave at varying rates according to years of service. Effective for the year ending December 31, 2021, accrued leave earned by an employee is not carried forward to the succeeding calendar year. Beginning January 1, 2021, sick leave will be granted on a calendar year basis. Sick leave is 10 days per year and is non-cumulative except when funding hours for major medical leave. Funding for major medical leave is to be granted upon approval of the Mayor. Any sick leave is provided in a calendar year that is not utilized by an employee may be banked up to 120 hours, which then can only be utilized for major medical leave. Vacation leave is non-cumulative. All fulltime hourly employees shall be eligible for vacation after one-year of service with the Town. Unused vacation days are paid at the employee's current rate of pay upon termination or resignation. Vacation leave is granted depending on the length of the employment with the Town: 1) 1-2 years employment – 5 days; 2) 3-5 years employment – 10 days; and 3) Over 5 years of employment – 15 days.

Long-Term Obligations: In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

Equity Classifications:

Government-wide Statements:

In the statement of net position, the difference between a government's assets, deferred outflows of resources, liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

Restricted

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These are usually restricted by external sources such as banks or by law.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Unrestricted

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Financial Statements:

In the balance sheet of governmental funds, fund balances are segregated as follows:

Non-spendable

This includes amounts in permanent funds and inventories that are permanently precluded from conversion to cash.

Restricted

Fund balances that are restricted include those resources constrained to a specific purpose by enabling legislation, external parties or constitutional provisions.

Committed

Fund balances may be committed for a specific purpose by the highest level of decision-making authority through a formal action such as the adoption of an ordinance. The removal of or change in this commitment can only be accomplished by the same level of authority through the same type of action taken to commit the fund balances initially.

Assigned

Resources earmarked for a specific purpose by a government's management are reported as assigned fund balances.

Unassigned

This category represents that portion of equity that are available for any purpose.

Inter-fund Transactions: All inter-fund transactions, except quasi-external transactions, are reported as operating transfers. These are eliminated in the government-wide statements.

Sales Taxes: The Town receives 8.16% of a one percent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose for operating the Town. The Town recognized \$175,275 of sales tax revenue during the year ended December 31, 2021.

The Town receives 12.4021% of a one percent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. The proceeds are restricted to the street maintenance and repairs for the Town. The Town recognized \$266,413 of sales tax revenue during the year ended December 31, 2021.

Property Taxes: Ad valorem taxes authorized and levied for the year were 6.65 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is approximately \$115,781,310. The total assessed value of the property taxes was \$769,946. The Town recognized \$779,820 in property taxes for the year ended December 31, 2021.

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) at December 31, 2021, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Demand Deposits	\$ 1,344,265	\$ 69,085
Total	\$ 1,344,265	\$ 69,085

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

At December 31, 2017, the Town had \$1,442,07 in deposits (collected balances). The town has accounts at two banks. The collected balances were: 1) Landmark Bank, \$1,316,013 and 2) Feliciana Bank and Trust, \$126,056. These funds at Landmark Bank are secured through the Federal Deposit Insurance Corporation (FDIC) and collateral pledged by the bank. Feliciana Bank and Trust funds are secured through coverage through the FDIC.

NOTE 3 - RECEIVABLES

The following is a summary of receivables at December 31, 2021:

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<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 99,573	\$ 99,573
Other	550	-	-	550
Taxes:				
Franchise	25,473	-	-	25,473
Beer tax	1,009	-	-	1,009
Property	414,140	-	-	414,140
Sales	32,919	50,033	-	82,952
Sub-total	473,541	50,033	-	523,574
Less: Allowance for doubtful	-	-	(45,497)	(45,497)
Net	474,091	50,033	54,076	578,200

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2021, unbilled receivables were \$4,070. This amount is included in the table above.

An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2021, the allowance was estimated to be \$45,497 in the Enterprise Fund.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended December 31, 2021, was as follows:

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	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Capital Assets, being depreciated				
Buildings and improvements	978,863	-	-	978,863
Less: accumulated depreciation	364,681	28,573	-	393,254
Net Building and Improvements	614,182	(28,573)	-	585,609
Infrastructure	2,424,979	-	-	2,424,979
Less: accumulated depreciation	1,090,349	89,814	-	1,180,163
Net Sidewalks/Drainage	1,334,630	(89,814)	-	1,244,816
Equipment	349,728	83,050	-	432,778
Less: accumulated depreciation	335,482	10,825	-	346,307
Net Equipment	14,246	72,225	-	86,471
Vehicles	475,901	-	(39,660)	436,241
Less: accumulated depreciation	475,901	-	(39,660)	436,241
Net Vehicles	-	-	-	-
Office furniture	10,830	-	-	10,830
Less: accumulated depreciation	8,823	401	-	9,224
Net Office furniture	2,007	(401)	-	1,606
Total Capital Assets, being depreciated, net	1,965,065	(46,563)	-	1,918,502
Capital Assets, net	1,966,065	(46,563)	-	1,919,502

Depreciation expense was charged to governmental functions as follows:

General government	\$ 13,748
Public Safety	18,281
Public Works	97,585
Total	<u>\$ 129,614</u>

Capital asset activity for enterprise funds for the year ended December 31, 2021, was as follows:

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	Beginning Balance	Additions	Deductions	Ending Balance
Business Activities				-
Capital Assets, not being depreciated				-
Land	\$ 11,970	\$ -	\$ -	11,970
				-
Capital Assets, being depreciated				-
Buildings and improvements	150,545	-	-	150,545
Less: accumulated depreciation	102,429	5,576	-	108,005
Net Building and Improvements	48,116	(5,576)	-	42,540
				-
Equipment	104,933	-	-	104,933
Less: accumulated depreciation	104,933	-	-	104,933
Net Equipment	-	-	-	-
				-
Vehicles	\$ 29,481	14,950	\$ -	44,431
Less: accumulated depreciation	27,901	2,696	-	30,597
Net Vehicles	1,580	12,254	-	13,834
				-
Gas system	1,629,985	32,725	-	1,662,710
Less: accumulated depreciation	1,390,302	41,295	-	1,431,597
Net Gas system	239,683	(8,570)	-	231,113
				-
Sewer system	3,926,492	28,801	-	3,955,293
Less: accumulated depreciation	2,337,183	46,610	-	2,383,793
Net Sewer system	1,589,309	(17,809)	-	1,571,500
				-
Total Capital Assets, being depreciated, net	1,878,688	(19,701)	-	1,858,987
				-
Capital Assets, net	1,890,658	(19,701)	-	1,870,957

Depreciation expense was charged to enterprise functions as follows:

Gas	\$ 45,430
Sewer	50,746
Total	<u>\$ 96,176</u>

In the governmental fund activities, the Town purchased a skid steer loader for \$35,500 and an excavator for \$47,550. In the enterprise fund activities, the town purchased a new truck for \$14,950, gas system improvements

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for \$32,725, and sewer improvements for \$28,802. Old assets were sold for \$15,750.

NOTE 5 – INTER-FUND TRANSACTIONS

Amounts receivables and payable between funds at December 31, 2021, are as follows:

	Receivable	Payable
General Fund		
Sales tax fund	\$ -	\$ (119,913)
Enterprise fund	-	-
Special Revenue Fund		
General fund	119,913	-
Enterprise fund	28,038	-
Enterprise Fund		
General fund	-	-
Sales tax fund	-	(28,038)
Total	\$ 147,951	\$ (147,951)

NOTE 6 – RESTRICTED ACCOUNTS

The following is a listing of the restricted assets for the fund financial statements on December 31, 2021:

	Governmental Activities	Business-type Activities
Demand deposits		
Customer deposits	\$ -	\$ 32,933
Sales tax fund	390,541	-
	\$ 390,541	\$ 32,933

NOTE 7 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2021:

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	General Fund	Sales Tax Fund	Enterprise Fund	Total
Accounts	\$ 13,014	\$ 4,383	\$ 38,709	\$ 56,106
Interest	814	-	-	814
Payroll liabilities	38,344	-	-	38,344
Unearned revenues	318,212	-	-	318,212
Accrued benefits	6,063	-	-	6,063
Accrued wages	2,494	264	434	3,192
Compensated absences	-	-	-	-
Customer deposits	-	-	25,262	25,262
Total	<u>\$ 378,941</u>	<u>\$ 4,647</u>	<u>\$ 64,405</u>	<u>\$ 447,993</u>

The U.S. House of Representatives on March 10, 2021, passed the Senate-amended H.R. 1319, the American Rescue Plan (ARP). The ARP provides \$1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). This follows the enactment of nearly \$4 trillion in COVID relief in 2020. ARP includes provisions on aid to state and local governments, hard-hit industries and communities, tax changes affecting individuals and business, and other provisions. The latest COVID relief legislation was enacted as part of Congress' fiscal year (FY) 2021 budget, and includes provisions impacting a wide variety of stakeholders. On September 13, 2021, the Town received \$278,212 in ARP funding. The Town has not used any of the funds as of December 31, 2021 and therefore, are deferred as unearned revenues.

During December 31, 2021 the Town received \$40,000 from the Irene W. and C.B. Pennington Foundation for the purchase of a police vehicle. At the end of the year, the Town had ordered a vehicle but it was not received or paid. The funds are deferred as unearned revenues.

NOTE 8 – LONG TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2021:

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	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		Total Long- Term Obligations
	<u>Capital Leases</u>	<u>Limited Tax bonds</u>	<u>Capital Leases</u>	<u>Bonds</u>	
Beginning Balance	\$ -	\$ 190,000	\$ -	\$ -	\$ 190,000
Additions	-	-	-	-	-
Deletions	-	(93,000)	-	-	(93,000)
Ending Balance	<u>\$ -</u>	<u>\$ 97,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,000</u>

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>
Limited Tax Bonds	\$ 190,000	\$ 97,000	\$ -	\$ -	\$ 190,000	\$ 97,000
Capital Lease Obligations	-	-	-	-	-	-
Ending Balance	<u>\$ 190,000</u>	<u>\$ 97,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 97,000</u>

Bonds payable as of December 31, 2021 is as follows:

	Bonds Payable End of Year	Due Within One Year
Governmental: \$760,000 Limited Tax Bonds Series 2012	_____	_____
Dated 11/19/2012, due in annual installments of principal and interest ranging up to \$98,208, from 3/1/2013, interest at 2.49%.	<u>\$ 97,000</u>	<u>\$ 97,000</u>

The annual requirements to amortize all debt outstanding at December 31, 2021, including interest payments of \$1,208 as follows:

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Limited Tax bonds, Series 2012			
Year	Principal	Interest	Total
2022	\$ 97,000	\$ 1,208	\$ 98,208
Total	\$ 97,000	\$ 1,208	\$ 98,208

NOTE 9 - RETIREMENT SYSTEM

Substantially all employees of the Town are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date*—an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans’ net pension liability and report the following disclosures:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

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

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

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.

Retirement Benefits:

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

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

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

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

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

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

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

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

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

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but no less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest

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normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases:

The System is authorized under state law to grant a cost-of-living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

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

Funding Policy. Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Clinton is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$8,436 for its participation in MERS-Plan B.

The Town of Clinton contributions to the System under Plan B for the years ending December 31, 2021 and 2020 were \$38,479, and \$33,002 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2021, the Town reported a liability of \$195,559 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2021, the Town's proportion was 0.337573%, which was a decrease of 0.019177%, from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense for the MERS System of \$27,258.

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (4,511)
Changes of Assumptions	7,915	-
Net difference between projected and actual earnings on pension plan investments	-	(29,541)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(63,519)
Employer contributions subsequent to the measurement date	19,240	-
Total	<u>\$ 27,155</u>	<u>\$ (97,571)</u>

The Town reported a total of \$19,240 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

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

<u>Year</u>	
2022	\$ (44,134)
2023	(17,966)
2024	(13,707)
2025	(18,571)
	<u>\$ (94,378)</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date June 30, 2021
Actuarial Cost Method Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives 3 years (Plan B)

Investment Rate of Return 6.85%, net of investment expense

Inflation Rate 2.5%

Salary Increases, including
Inflation and merit increases:

-1-4 years of service 7.4%

-More than 4 years of service 4.9%

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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, Each adjusted using their respective male and female MP2018 scales.

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

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

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

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems’ Actuarial Committee. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are proved with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected

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earning on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2021:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.850%	6.850%	7.850%
Town of Clinton Share of NPL	\$ 300,028	\$ 195,559	\$ 107,198

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

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

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

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

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

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

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Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

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

Cost of Living Adjustments:

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

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

Deferred Retirement Option Plan:

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

Initial Benefit Option Plan:

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411 or at www.lampers.org.

Funding Policy. According to state statute, the Town of Clinton is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee’s earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2021, total contributions due for employers and employees were 43.75% (Hazardous Duty members) and 41.75% (Nonhazardous Duty members). The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 33.75% and 10.00%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2021. During the year ending December 31, 2021, the Town recognized revenue as a result of support received from non-employer contributing entities of \$3,408 for its participation in MPERS.

The Town of Clinton contributions to the System for the years ending December 31, 2021 and 2020 were \$15,750 and \$18,855 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2021, the Town reported a liability of \$81,280 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2021, the Town’s proportion was 0.015248%, which was an decrease of 0.019049% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense for the MPERS System of (\$39,878) representing its proportionate share of the System’s net expense, including amortization of deferred amounts.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (2,503)
Changes of Assumptions	9,001	(2,319)
Net difference between projected and actual earnings on pension plan investments	-	(37,951)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(102,557)
Employer contributions subsequent to the measurement date	7,797	-
Total	\$ 16,798	\$ (145,330)

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The Town reported a total of \$7,797 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction in net pension liability in the year ended December 31, 2022.

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

<u>Year</u>	
2022	\$ (55,831)
2023	(44,148)
2024	(17,691)
2025	(13,073)
	<u>\$ (130,744)</u>

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

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%

Salary increases, including inflation & merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	Above 2	4.70%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was used.

For disabled lives, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 sale was used.

For employees, 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.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables.

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternatives	14.00%	1.01%
Other	0.00%	0.00%
Totals	100.00%	5.08%
Inflation		2.22%
Expected Arithmetic Nominal Rate		7.30%

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2021:

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.750%	6.750%	7.750%
Town of Clinton Share of NPL	\$ 15,702	\$ 81,280	\$ 3,408

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The Town does not offer post-employment benefits to employees upon termination.

NOTE 11 – FUND BALANCES AND NET POSITION

As of December 31, 2021, the general fund had nonspendable fund balance of \$21,236 due to prepaid insurance. The amount of restricted fund balance in the general fund is \$8,599 due to the narcotics fund. The amount assigned for the special court account was \$14,017. The unassigned fund balance in the general fund is \$829,234. The sales tax fund, a special revenue fund, had a fund balance restricted for streets and sidewalks for \$586,400.

The enterprise fund had restricted net position related to customer deposits of \$7,671. The enterprise fund had unrestricted net position of (\$117,002). The amount of net position in capital assets is \$1,870,957. The unrestricted net position is negative mainly due to the effects of the GASB 68 pension accounting standards. To reduce the negative net position, the Town plans to reduce expenditures and realign operations to run more efficiently and economically.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The governmental activities and business-type activities were restated for December 31, 2020 for adjustments for interfund accounts. The net effect is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net Position	\$ 2,400,749	\$ 1,661,184	\$ 4,061,933
Adjustment for due to/from	(229,473)	229,473	-
Net position restated	\$ 2,171,276	\$ 1,890,657	\$ 4,061,933

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 13 - FIRE PROTECTION

Fire protection for the Town is provided by the Clinton Fire Department with funds received primarily through the Parish-wide Fire Protection District of East Feliciana Parish. This is a legally separate governmental agency that issues its own audited financial statements. The District reimburses the town each year for the bond issue described in Note 7. For December 2021, the town received \$96,573 from the District.

NOTE 14 - RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

NOTE 16 - LITIGATION AND CLAIMS

There are currently two litigation cases pending:

- 1) A suit filed in the 20th Judicial Court for the Parish of East Feliciana entitled “Charlie Brown v. Town of Clinton, Number 46076, Division B. The Town of Clinton’s liability insurer is handling the representation of this lawsuit. The lawsuit is based on the question of whether Mr. Brown is entitled to vacation pay when he retired. The matter is in dispute.
- 2) A suite filed in the United States District Court for the Middle District of Louisiana entitled “Sarah Perron, Tutrix on Behalf of Her Minor Child, MFJ vs. Sheriff Jeff Travis, et al. Civil action No. 3:30-cv-0021-BAJ-EWD. The Town of Clinton’s liability insurer is handling the representation of this lawsuit. This lawsuit pertains to an alleged civil rights violation where the defendant was killed by a sheriff’s deputy in the line of duty, where in a Clinton police officer assisted in his backup. The matter is in dispute.
- 3) A suit was filed in the 20th Judicial Court for the Parish of East Feliciana entitled “Tristan A. Stokes vs. Charles E Brown, the Town of Clinton Police Department, and the Town of Clinton Louisiana”, Number 46,719, Division A. The lawsuit is regarding a vehicle crash. The matter is in dispute.

The Town has risk coverage for such events disclosed above. The amount, if any, of expenditures which may be disallowed cannot be determined at this time.

The Town had two IRS liens filed for past due penalties and taxes. One lien is for \$28,500.28 (instrument number 24093) and the other lien is for \$4,704.75 (instrument number 240694). A liability has been recorded on the Town’s financial statement as of December 31, 2021 for these amounts.

NOTE 17 – ON-BEHALF PAYMENTS

For the fiscal year ended December 31, 2021, the State of Louisiana made on-behalf payments in the form of

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$18,000 of on-behalf payments as revenue and as an expenditure in the General Fund.

NOTE 18 – TRANSFER OF WATER SYSTEM

On February 11, 2020, the Town of Clinton entered into conveyance agreement with the East Feliciana Rural Water System, Inc. (a Louisiana nonprofit organization) to transfer the town's water system assets.

As part of the agreement, the town would transfer and assign to the East Feliciana Rural Water System the following:

- 1) The water distribution system, towers, pumps, mains, pipe services, valves, meters, and all associated equipment, buildings and improvements, and fixtures.
- 2) A lot situated in the town and designated as "Town of Clinton Water Tower Site 0.9504AC".
- 3) Two lots including the improvements designated as Lot 1 and Lot 12 in the Pine Ridge Subdivision.
- 4) A certain street and turnaround in the Pine Ridge Subdivision.
- 5) Easements, servitudes, rights of ingress and egress, permits and any and all rights in connection with the operating of the water distribution system for each public water supply.
- 6) Customer deposits held by the town for customers connected to the public water supply.
- 7) All corporate records, including customer records, lists and files pertaining to the customers, property, and operations of the public water supply.
- 8) All existing services on each public water supply, whether active or not, connected to or available for services from the town.
- 9) The Rural Water System will follow disconnect procedures for any customer acquired that is past due on their final bill for the town and will remit to the town any amount collected on the final bill.
- 10) The Rural Water System agrees to assume and honor any written agreements in place at the time of execution between the town and any customer for payment on arrearages.

The Rural Water System will bill and collect all sums due for water and sewer usage as of the final meter reading by the town on the date prior to closing. Commencing on the first billing cycle, after the transfer, all payments shall be received by the Rural Water System, any delinquent amounts collected by the Rural Water System for water usage prior to the transfer will be remitted to the Town. No exchange of funds occurred. The final water revenues to the Town were paid in full in 2020.

Sewer charges for the fiscal year ended December 31, 2021 were \$176,610. Total sewer customer payments remitted to the Town were \$176,506.

NOTE 19 – COVID 19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions. There

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Town and its financial results.

NOTE 20 - SUBSEQUENT EVENTS

ON March 15, 2022 the Town increased the minimum individual gas rate to \$12 and the minimum commercial gas rate to \$18.

There were no other events subsequent to year-end through September 12, 2022, the date on which the accompanying financial statements were available, that would have a significant impact on the accompanying financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2021**

REVENUES	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)	Original	Final	Amounts	Favorable (Unfavorable)
Fines and other court costs	\$ 78,969	\$ 213,337	\$ 212,469	\$ (868)	\$ -	\$ -	\$ -	\$ -
Franchise fees	77,266	124,351	107,769	(16,582)	-	-	-	-
Interest earned	1,257	400	394	(6)	-	-	-	-
Intergovernmental	-	-	18,000	18,000	-	-	-	-
Licenses and permits	75,423	62,693	123,910	61,217	-	-	-	-
Other revenues	83,704	140,551	47,892	(92,659)	2,200	1,320	4,000	2,680
Taxes-beer	3,739	4,551	3,836	(715)	-	-	-	-
Taxes-property	339,043	134,331	701,895	567,564	-	-	-	-
Taxes-sales	148,860	169,332	175,275	5,943	229,332	258,705	266,413	7,708
Total Revenues	808,261	849,546	1,391,440	541,894	231,532	260,025	270,413	10,388
EXPENDITURES								
General government	220,014	249,775	276,802	(27,027)	-	-	-	-
Public safety:								
Police	409,363	465,953	491,833	(25,880)	-	-	-	-
Fire	8,266	9,705	9,567	138	-	-	-	-
Public works	-	-	-	-	144,741	144,191	159,242	(15,051)
Debt service	-	-	95,792	(95,792)	-	-	-	-
Capital outlay	100,000	100,000	47,550	52,450	-	-	35,500	(35,500)
Total Expenditures	\$ 737,643	825,433	\$ 921,544	\$ (96,111)	\$ 144,741	\$ 144,191	\$ 194,742	\$ (50,551)

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2021

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	\$ 70,618	\$ 24,113	\$ 469,896	\$ 445,783	\$ 86,791	\$ 115,834	\$ 75,671	\$ (40,163)
<u>OTHER FINANCING SOURCES (USES)</u>								
Grants and other contributions	-	-	96,573	96,573	-	-	-	-
Sale of capital assets	-	-	15,750	15,750	-	-	-	-
Operating transfers, net	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	112,323	112,323	-	-	-	-
Change in Fund Balances	70,618	24,113	582,219	558,106	86,791	115,834	75,671	(40,163)
Fund Balances, beginning	290,867	290,867	290,867	-	510,729	510,729	510,729	-
Fund Balances, ending	361,485	314,980	873,086	558,106	597,520	626,563	586,400	(40,163)

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See Independent Auditor's Report

Town of Clinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS
Last 10 Fiscal Years*

Municipal Police Employees' Retirement System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.038612%	0.036825%	0.039351%	0.034297%	0.021482%	0.015248%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 361,903	\$ 321,498	\$ 332,676	\$ 311,474	\$ 198,544	\$ 81,280
Employer's Covered-Employee Payroll	\$ 94,798	\$ 116,919	\$ 109,282	\$ 100,521	\$ 68,680	\$ 46,519
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	381.7623%	274.9750%	304.4187%	309.8596%	289.0860%	174.7254%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.7300%	70.0815%	71.8871%	71.0078%	70.9450%	84.0881%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

Town of Clinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS Plan B
Last 10 Fiscal Years*

Municipal Employees' Retirement System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.525980%	0.516852%	0.502858%	0.446652%	0.356750%	0.337573%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 435,990	\$ 447,197	\$ 425,333	\$ 390,737	\$ 323,296	\$ 195,559
Employer's Covered-Employee Payroll	\$ 331,755	\$ 361,309	\$ 397,617	\$ 354,112	\$ 247,710	\$ 232,731
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	118.320000%	123.771343%	106.970522%	110.342801%	130.514002%	119.008028%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.710000%	63.490000%	65.598132%	64.675203%	66.260712%	79.136289%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See Independent Auditor's Report.

Town of Clinton
Schedule of the Town's Contributions - MPERS
Last 10 Fiscal Years

Municipal Police Employees' Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 35,930	\$ 38,439	\$ 42,828	\$ 22,453	18,855	15,750
Contributions in relation to contractually required contributions	<u>35,930</u>	<u>38,439</u>	<u>42,828</u>	<u>22,453</u>	<u>18,855</u>	<u>15,750</u>
Contribution deficiency (excess)	-	-	-	-	-	-
Employer's Covered Employee Payroll	115,437	109,293	104,759	63,137	53,969	57,524
Contributions as a % of Covered Employee Payroll	31.1252%	35.1706%	40.8822%	35.5616%	34.9361%	27.3798%

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

Town of Clinton
Schedule of the Town's Contributions - MERS Plan B
Last 10 Fiscal Years

Municipal Employees' Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 26,747	\$ 68,630	\$ 47,514	\$ 44,004	33,302	38,479
Contributions in relation to contractually required contributions	<u>26,506</u>	<u>68,630</u>	<u>47,514</u>	<u>44,004</u>	<u>33,302</u>	<u>38,479</u>
Contribution deficiency (excess)	241	-	-	-	-	-
Employer's Covered Employee Payroll	368,493	359,241	397,617	314,318	237,869	248,254
Contributions as a % of Covered Employee Payroll	7.1900%	19.104%	11.950%	14.000%	14.000%	15.5000%

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEARS ENDED DECEMBER 31, 2021

This schedule of compensation paid to governing members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Mayor

Mark Kemp	\$	<u>18,000</u>
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Board Members

Bart Blackledge	\$	6,000
Donald Beauchamp		6,000
Mary Dunaway		6,000
Janice Betrece		6,000
Kim Young		<u>6,000</u>

Total Paid	\$	<u>30,000</u>
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See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION , BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
YEARS ENDED DECEMBER 31, 2021**

Agency Head

Mark Kemp

Mayor

Purpose

Salary

Amount

\$ 18,000

Total Compensation, Benefits and Other Payments

\$ 18,000

See Independent Auditor's Report

Justice System Funding Schedule - Collecting/Disbursing Entity
Town of Clinton, Louisiana
As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 06/30/2021	Second Six Month Period Ended 12/31/2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	2,974	6,066
Add: Collections		
Criminal Court Costs/Fees	101,964	100,162
Subtotal Collections	101,964	100,162
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
<i>Louisiana Commission on Law Enforcement-Criminal court/fees</i>	663	983
<i>Louisiana Supreme Court-Criminal Court costs/fees</i>	153	203
<i>Treasurer, State of LA-CMIS Criminal Court Costs/fees</i>	309	406
<i>Traumatic Head and Spinal Court Injuries Services-Criminal Court costs/fees</i>	-	3,910
<i>Feliciana Juvenile Justice District Criminal Court costs/fees</i>	1,545	2,030
<i>Town of Clinton-Special Court Costs</i>	4,567	5,925
Less: Amounts Retained by Collecting Agency		
Town of Clinton Criminal Fees-Other	91,487	91,888
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals (additional detail is not required)	150	-
Subtotal Disbursements/Retainage	98,873	105,345
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	6,066	882
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained</i>	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-

See independent auditor's report.

Minda B. Raybourn

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

To the Honorable Mayor Mark Kemp
And Members of the Board of Aldermen
PO Box 513
Clinton, LA 70722

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Town's basic financial statements and have issued my report thereon dated September 12, 2022.

Internal Control over Financial Reporting

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

My 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 to be a material weakness.

Compliance and Other Matters

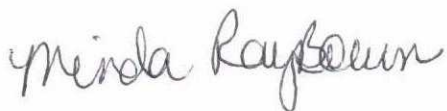
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed in the accompanying schedule of findings as items 2021-C1, 2021-C2, and 2021-C3.

Town of Clinton, Louisiana's Response to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn, CPA
Franklinton, Louisiana
September 12, 2022

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

I have audited the financial statements of the Town of Clinton, Louisiana as of and for the year ended December 31, 2021, and have issued my report thereon dated December 31, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of September 12, 2022, resulted in an unmodified opinion.

Current Year Findings - Financial Statement Audit

Section I Summary of Auditor’s Reports

A. Report on Compliance and Internal Control Material to the Financial Statements

Internal Control	Significant Deficiencies	No
	Material Weakness	Yes
Compliance	Material to Financial Statements	Yes

B. Federal Awards

N/A

Section II Internal Control Findings

Item 2021-001 Losses on Utility Fund ((Repeat Finding 2020-003, 2019-005, 2018-005))

Criteria: Municipalities with utility funds should ensure these funds are reflecting a profit and not suffering losses year after year.

Condition: The Town’s gas, sewer, and water services had losses for the fifth consecutive year. The Town had operating losses (before grants, operating transfers, and other revenues) as below:

2016 (\$172,930)
2017 (\$314,236)
2018 (\$310,086)
2020 (\$169,776)
2021 (\$129,031)

In 2020, the Town transferred the water system to the East Feliciana Parish Rural Water System. In 2022, the Town increased the rates for gas (individual to \$12 and commercial to \$18).

Cause: In past year, the Town’s utility rates have not been increased to keep up with rising costs.

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DEEMBER 31, 2021**

Effect: The utility fund of municipalities should be earning a profit. With year after year losses, the Town cannot recoup unless decisive action is taken in regards to rate structuring, expenditure cutting, and streamlining operations.

Recommendation: I recommend the Town review each expenditure to see if they can be decreased. Rate studies should be performed on all services. I recommend a top to bottom review of operations to see what can be streamlined.

Management Response: We will implement the auditor's recommendation.

Compliance Findings

Item 2021-C1 Noncompliance with Public Bid Law

Criteria: Per Louisiana RS 38:2212.1, Local political subdivisions and local governmental entities are required to use the Public Bid Law for the procurement of materials and supplies if the cost is over the contract limit of \$30,000, unless an exception exists. Examples of exceptions include: group purchasing options for hospitals (R.S. 38:2212.1(G)) and schools (R.S. 38:2212.1(N)); emergency procurements; or buying items off the state contract using the LPC. Transactions between public entities are not subject to the Public Bid Law, as long as a fair price is received for the goods.

There are certain exceptions for purchases of materials and supplies. These exceptions include:

- purchases off the State Contract under cooperative purchasing agreements; R.S. 38:2212.1(F)
- purchases of surplus materials and supplies from another public entity or the government of the United States or if the particular transaction is governed by the procurement code; R.S. 38:2212.1(D)
- purchases off of the Federal General Services Administration Lists, provided that the items are not otherwise available cheaper on State Contract and the public entity utilizes a Louisiana licensed dealer or distributor; R.S. 38:2212.1(E)
- purchases by hospitals service districts under qualified group purchasing organizations; R.S.38:2212.1(G)
- purchases of used fire and emergency response vehicles, including associated equipment, with a per unit purchase cost of less than one hundred thousand dollars; R.S. 38:2238, et seq.
- lease, rental, or purchases of telecommunications data processing systems, including equipment, and related services, by political subdivisions through a request for proposals; R.S. 38:2237
- purchases of materials, equipment and supplies by school districts and schools through a qualified group purchasing organization; R.S. 38:2212.1(N)
- purchase of materials, supplies, vehicles or equipment by the State, any levee district, levee drainage district, municipality, parish or other political subdivision of the state through an existing public contract

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DEEMBER 31, 2021**

of another political subdivision within one year of the opening of bids; R.S. 38:321.1; and

- purchases of animals trained to perform special task, including but not limited to narcotics detection, bomb detection, arson investigation, and rescue techniques by: 1) Any local law enforcement agency for the principal purpose of aiding in the detection of criminal activity, enforcement of laws, or apprehension of offenders, and 2) Any local public safety agency for the purpose of search and rescue services.

Per Louisiana R.S. 38:2211(A)(5)(a), an emergency is an unforeseen mischance bringing with it destruction or injury of life or property or imminent threat of such destruction or injury. An emergency may also result from an order by judicial body to take any immediate action that requires construction or repairs absent compliance with the formalities of the Public Bid law, because of insufficient time to follow the advertising requirements as provided in R.S. 38:2212.

The emergency exception can be applied by the following (R.S. 38:2212(P):

- 1) The emergency has been certified by the public entity at a public meeting, and
- 2) The public bid law may be waived provided that notice was given to the public by publishing in the official journal within 10 days of declaring the public emergency.

On extreme emergency situations, per Louisiana R.S. 38:2211(A)(5)(b), an extreme emergency is a catastrophic event that causes the loss of ability to obtain a quorum of the members necessary to certify the emergency prior to making the expenditure to acquire materials or supplies or to make repairs necessary for the protection of life, property, or continued function of the public entity.

In the event of an emergency or an extreme emergency, the political subdivision may make such purchases to deal with the emergency as may be required immediately. After the events requiring immediate emergency procurement, the president of the police jury, the president of the parish council, the mayor of the municipality, or a person designated to act on behalf of the governing authority of the political subdivision, shall declare that an extreme emergency exists and shall cause such declaration to be published in the official journal within ten days or as soon as practicable thereafter.

Condition: The Town purchased a skid steer loader for \$35,500 on August 11, 2021. In addition, the Town purchased a hydraulic excavator for \$47,550 on July 28, 2021. The Town did get quotes on the equipment. The Town's minutes reflect the review of the purchase and quotes obtained and approval of the acquisitions. The machinery was not purchased on a state contract or advertised.

Cause of Condition: The Town did not follow the public bid process for the purchases.

Effect: Noncompliance with the public bid law.

Recommendation: Management needs to review all components of the public bid law to be compliant for future acquisitions.

Response: The Town will implement the recommendation.

Finding 2021-C2 Noncompliance with Local Government Budget Act

Criteria: Per Louisiana Revised Statute 39:1311

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation as provided in R.S. 39:1307 shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.

(2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.

(3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition: In the general fund, actual expenditures and other uses were over budget by 11.64% or \$96,107. In the sales tax fund, actual expenditures and other uses were over budget by 35.06% or \$50,551.

Cause of Condition: The budgeted expenditures were not estimated enough to the actual expenditures.

Effect: Noncompliance with the Local Government Budget Act.

Recommendation: The Town needs to review its monthly budget to actual comparisons for each fund carefully each month. If the actual expenditures and other uses, are over 5% against budget at any time, the Town needs to amend its budget accordingly.

Response: The Town will implement the recommendation.

Finding 2021-C3 Late Submittal of Audit Report

Criteria: Local auditees must engage a CPA firm approved by Louisiana Legislative Auditors to perform its audit or other engagement no later than sixty days after its fiscal year end. The statutory due date is six months after the fiscal year end.

Condition: The audit report was submitted past the statutory due date.

Cause: The auditor's child had a medical emergency regarding a neurological disorder.

Effect: Noncompliance with state audit law.

Recommendation: The agency should have a policy in place to engage a CPA for the yearly engagement 30 days before the effective fiscal year end. The agency should have the accounting records ready two months after the fiscal year end for the annual engagement. The auditor will work with the Town at interim periods.

Management Response: The Town will implement the auditor's recommendation.

PRIOR YEAR FINIDINGS AND RESPONSES

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

2020-001 Payroll Expenditures

Criteria: An effective internal control system requires the design and implementation of policies and procedures in that payroll expenditures and related taxes, benefits and other deductions should be reconciled to the data in the external payroll accounting software.

Condition: During 2020, the Town implemented QuickBooks Online and transferred data from the desktop version of QuickBooks. The Town also transferred the payroll functions to the external accountant. Functions include processing the payroll, payment of payroll taxes, and filing all required payroll reports. The external accountant uses the desktop version of QuickBooks to do the payroll. The payroll is entered into the Town's online QuickBooks after the fact. Audit procedures included comparing the payroll information from the payroll reports from the accountant's desktop QuickBooks payroll to the payroll expenditures in the Town's general ledger. The wage and salaries expenses per the Town's general ledger were \$99,513 less than the payroll per the accountant's payroll reports from the external QuickBooks. Per speaking with the Town, the payroll data was entered after the fact into the Town's general ledger as a net check. Wages and deductions for payroll taxes, retirement, and other were not recorded separately and were instead lumped together. Procedures were not in place to reconcile the payroll data.

Cause of Condition: Payroll data entered into the Town's general ledger was not correct and not reconciled causing the expenditures and related liabilities to be stated incorrectly.

Effect: The payroll wages, benefits, payroll taxes, and related liabilities were off by \$99,513. This caused the financial statements to be misstated.

Recommendation: I recommend the Town utilize the payroll function in the QuickBooks online software. This way when the payroll is complete, and posted, the data is already integrated into the Town's general ledger and there will be no need to enter data as after the fact limiting or eliminating chance of misstating expenditures and related liabilities. The Town needs to implement internal controls over reconciling the payroll data after each payroll.

Management Response: We will implement the auditor's recommendations.

Status: Resolved.

Finding 2020-002 Ticket Revenue (Repeat Finding 2019-004)

Criteria: The town is accounting for the final disposition of citations issued per state law. The collections per the software used by the police department should be close to the collections of fines posted in the Town's accounting system. An effective internal control system will have controls to balance the collections between the police department reports and general ledger amounts recorded as ticket revenue each month.

Condition: The reports from the Town's police department of all tickets paid were compared to the amount of collections posted to the accounting system. In the fiscal year ending December 31, 2019, it was discovered that \$26,287 in tickets were deposited to the town's general fund account but were not reported in the police collection tracking software.

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

Audit procedures applied on the 2020 revenues showed that there is a discrepancy of \$23,691 between the revenues per the general ledger and the collections reported in police software. Revenues on the general ledger were more than what was reported in the software.

Audit procedures showed that ticket collections per the police ticket and collection tracking software are not reconciled with the general ledger postings. The Town posts some entries to the ticket revenue as collections. The other entries are an accrual to debit accounts receivable and credit the ticket revenue account. Online payments appear to have been posted to equity accounts and not the revenue accounts.

Cause: The Town does not have controls and procedures in place to balance the collections between the police department reports and the deposits posted to the general ledger.

Effect: The effect is misstatement of financial statements. It increases the risk that misappropriations and fraud may occur and may not be detected.

Recommendation: The Town needs to implement controls to balance the collections between the police department reports and general ledger each month.

Management Response: We will implement the auditor's recommendations.

Status: Resolved.

Finding 2020-003 Losses in Utility Fund (Repeat Finding 2019-005, 2018-005)

Criteria: Municipalities with utility funds should ensure these funds are reflecting a profit and not suffering losses year after year.

Condition: The Town's gas, sewer, and water services had losses for the third consecutive year. In 2020, the Town had operating losses (before grants, operating transfers, and other revenues) as below:

2020 (\$145,637)

2019 (\$169,776)

2018 (\$310,086)

During 2020, the Town transferred the water system to the East Feliciana Rural Water System. While this will alleviate some of the ongoing losses the town has incurred through the years, the Town should continue to pursue additional funding and streamlining of operating expenditures.

Cause: Unknown.

Effect: Utility fund of municipalities should be earning a profit. With year after year losses, the Town cannot recoup unless decisive action is taken in regards to rate structuring, expenditure cutting, and streamlining operations.

Recommendation: I recommend the Town review each expenditure to see if they can be decreased. Rate studies should be performed on all services. I recommend a top to bottom review of operations to see what can be streamlined.

Management Response: We will implement the auditor's recommendations.

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

Status: Partially resolved.

Finding 2020-004 Funds Owed to Special Revenue Fund (Repeat Finding 2019-006, 2018-006)

Criteria: The Town has a special revenue fund (sales tax fund) for the collection of sales taxes dedicated for street and sidewalks. Expenditures from this fund must be spent accordingly.

Condition: The general fund owes the special revenue fund \$125,913. The utility fund owes the special revenue fund \$31,039.

Cause: These funds were loaned in prior years due to the Town being low on cash for operations in both the general fund and utility fund.

Effect: Possible violation of law as the funds in the sales tax fund are dedicated.

Recommendation: The Town needs to put in place a payment plan to reimburse the sales tax fund for these funds. On March 3, 2021, the Town approved a resolution to have the utility fund pay the sales tax fund at \$250 per month. In addition, the Town approved a resolution to have the general fund repay the sales tax fund at \$500 per month.

Management Response: We will implement the auditor's recommendations.

Status: Resolved.

Finding 2020-005 Equity Account Rollforward

Criteria: Effective controls require the design and implementation of controls in that equity statement accounts are properly valued and reconciled. The rollforward of equity accounts should roll forward from the prior year with the net change in position. Adjustments to equity accounts during the fiscal year should be adequately documented.

Condition: The equity accounts had several journal entries posted causing the equity to not roll forward properly from the prior fiscal year. It appears some entries were made to adjust from the Town's conversion from QuickBooks Desktop to QuickBooks online. Other entries appear to adjust receivables and payables.

Condition: Numerous entries were posted to the equity accounts causing the equity to not rollforward properly.

Effect: Financial statements could be misstated.

Recommendation: The Town should design and implement controls to ensure 1) equity accounts are reconciled and 2) any entries posted to net assets during the year are properly documented with adequate source documentation.

Management Response: We will implement the auditor's recommendations.

Status: Resolved.

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

Compliance Findings

Finding 2020-C1 Mayor's Court Costs

Criteria: Mandatory costs that must be paid by all Mayor's courts in cases involving traffic violations include fees for the Traumatic Head and Spinal Cord Injuries Services. A cost of \$5 must be assessed as special cost for each reckless driving or speeding violation. This cost is to be remitted to the state treasurer within 30 days after collection and used for programs designed to provide service to Louisiana citizens disabled by traumatic head and spinal cord injuries. If payment arrangements for other fines, fees, cost, and punishments are made to provide an offender the opportunity to make restitution over an extended period of time, the fee is to be collected in priority after costs of court. Fees should be paid by the 7th of each month.

Condition: The Town did not remit the fees required for the Traumatic Head and Spinal Cord Injuries Services. Fees totaled \$1,375.

Cause: The Town was unaware of the requirement to pay these fees from the Mayor's court collections.

Effect: The Town did not comply with the law regarding the mandatory costs from ticket collections.

Recommendation: The Town needs to implement internal controls so that all required mandatory costs are paid each month from ticket collections. The Town uses the QuickPD software for all Mayor's court and ticket collections. Reports are available to show what fees are to be paid to each agency and the amount. The Town should implement policies to ensure the reports are printed each month and costs are submitted with required documentation before the due date.

Management Response: We will implement the auditor's recommendations.

Status: Resolved.

Finding 2020-C2 Noncompliance with Local Government Act (Repeat Finding 2019-12)

Criteria: Per R.S. 39:1305, The budget must include the following:

(1) A budget message that is signed by the budget preparer and that contains:

- a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and
- a discussion of the most important features.

(2) A statement for the general fund and each special revenue fund showing the:

- estimated fund balances at the beginning of the year;
- estimates of all receipts and revenues to be received;
- revenues itemized by source;
- recommended expenditures itemized by agency, department, function, and character;
- other financing sources and uses by source and use; and
- the estimated fund balance at the end of the fiscal year.

In addition to the estimates previously required by R.S. 39:1305(C)(2)(a), estimates after January 1, 2011 shall also include: A clearly presented side-by-side detailed comparison of such information for the current year,

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020

including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

The budget must be completed and submitted for public inspection 15 days prior to the beginning of the fiscal year (R.S. 39:1306) and must be published in the official journal (R.S. 39:1307(B)). A public hearing must be held no sooner than 10 days after publication (R.S. 39:1307(A)(C)). Adoption of the budget must be held at an open meeting before the end of the prior fiscal year (R.S. 39:1309).

If, at the end of any fiscal year, the appropriations necessary for the support of the Town for the ensuing fiscal year have not been made, then 50% of the amounts appropriated in the appropriation ordinance or resolution for the last validly passed budget year shall be deemed re-appropriated for the several objects and purposes specified in the ordinance or resolution. This 50% limitation will continue until a new budget is approved.

Condition: The original budget for 2020 did not contain all of the required elements. The budget statement contained the last adopted budget for 2019 and the proposed budget for 2020. All other required columns were not included. A budget message was not prepared.

Cause: Management is not aware of all of the requirements of R.S. 39:1305 on the preparation of the budget.

Effect: The budgets are not prepared according to R:S: 39:1305.

Recommendation: Immediately, management needs to review the state law requirements covering budget messages, budget preparation, and the timeline requirements. Management needs to become familiar with these requirements to ensure that the budget prepared is accurate and correct.

Management Response: We will implement the auditor's recommendations.

Status: Resolved.

Minda B. Raybourn

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Member
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Member
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor Mark Kemp
And Members of the Board of Aldermen
PO Box 513
Clinton, LA 70722
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Town of Clinton, Louisiana's (the "Town") management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. 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:

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

b) *No exceptions to this procedure.*

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.

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

Items 1 and 3 are not addressed.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained

to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions to this procedure.

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

The Town does not have policies and procedures for debt service..

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

The Town does not have policies and procedures for IT disaster recovery and business continuity.

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

Items 2 and 3 are not addressed in the Town's sexual harassment policy.

Management's Response: We will implement the policies and procedures noted above before the end of the current fiscal year.

Board or Finance Committee

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

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

No exceptions to this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit 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 to this procedure.

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

This is not applicable. The Town's unassigned general fund balance is positive.

Bank Reconciliations

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

The listing of bank accounts and management's representation were obtained. The main operating accounting and 4 additional accounts were selected.

- a) 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 exception to this procedure.

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

The external account prepares the bank reconciliations. The reconciliations were not initialed.

- c) 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.

No exception to this procedure.

Collections (excluding electronic funds transfers)

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

A listing of deposit sites and management's representation was obtained

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each

deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

Employees responsible for cash do not share cash drawers.

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

At times, the employees responsible for collecting cash will prepare and make the bank deposits. This is due to the small office staff. The external accountant will reconcile collection documentation to the deposit.

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

Another employee is responsible for posting the deposits to the general ledger. The external account will reconcile general ledger postings to the deposit.

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

The Town's external accountant will reconcile collections to the general ledger by revenue source.

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

No exception to this procedure.

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

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.

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

There were no exceptions to procedures a through e.

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

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

Management's representation was obtained. The entity has one location that processes payments.

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

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

A department supervisor can initiate a purchase request, the department supervisor will sign the purchase order, and the employee can order or make the purchase after approval. The town clerk approves purchase orders.

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

The town clerk processes payments to vendors. The Mayor approves the payments.

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

The town clerk can add or modify vendor files once the addition of a new vendor is approved by the Mayor.

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

The town clerk mails the checks once they are signed.

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

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

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

No exceptions to this procedure.

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

The was no written evidence of approval such as initial and date of the payments selected.

Management Response: All invoices will have management approval notated on the disbursement.

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

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

Management's listing of credit cards and management's representation was obtained. The Town has one credit card and 2 fuel cards.

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

- a) 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

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

The listing of travel expenses and management’s representation were obtained.

- a) If reimbursed using a per diem, observe 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).

Reimbursement rate was under the rates established by the state and US GSA.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

One item was not approved.

Management Response: Management will ensure all travel reimbursements are approved.

Contracts

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

Management's listing and management's representations were obtained.

- a) 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.

No exceptions to this procedure.

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

Minutes do not reflect approval of contracts. If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

This was not applicable.

- c) 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 the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions to this procedure.

Management Response: Management will bring to the governing board's attention all contracts noted in procedure 15.

Payroll and Personnel

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

A listing and management's representation were obtained.

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

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn

leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions to this procedure.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions to this procedure.

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

Two paychecks had accrued hours different than cumulative leave records.

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

Three employees had different pay rates that what was found within the personnel file. There was a difference of \$0.45 per hour, \$2.69 per hour, and \$0.62 per hour. The personnel folders were not updated.

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

One employee was terminated. No exceptions to this procedure.

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

Six federal tax payments were late. Six Municipal Employees Retirement System payments were late. Five Municipal Police Employees Retirement System payments were late. Several health insurance payments were late.

Management Response: The mayor has instituted a procedure to review all cumulative records against the pay check stubs. Management will periodically review the authorized the pay rate per the payroll system against the pay rate in the personnel folders to ensure accuracy. Management will implement a system of calendar due dates for all tax payments, retirement system payments, and benefit payments for all personnel involved in these transactions so that future payments are not late.

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

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

No exceptions to this procedure.

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

No changes were made to the entity’s ethics policy during the fiscal period.

Debt Service

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

A listing of bonds and management representation were obtained. The Town did not have issuances of debt in 2021.

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

No exception to this procedure.

Fraud Notice

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

Management asserted there were no misappropriations. Management’s representations were obtained.

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

No exception to this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

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

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management.

Sexual Harassment

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

The board members have not received the one hour of sexual harassment training during the fiscal year.

27. Observe 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).

No exception to this procedure.

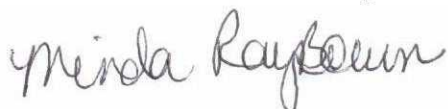
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

No exceptions for procedures a) through e)

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

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

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



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Franklinton, LA
September 11, 2022