

**Town of Richwood
Richwood, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2024**

Town of Richwood

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	7-8
List of Elected, Appointed Officials and Personnel	9
Organization Chart	10
FINANCIAL SECTION	
Independent Auditor's Report	11-13
REQUIRED SUPPLEMENTARY INFORMATION	15
Management's Discussion and Analysis (MD&A)	16-24
BASIC FINANCIAL STATEMENTS	
	<u>Statement</u>
Government-wide Financial Statements (GWFS)	25
Statement of Net Position	A 27
Statement of Activities	B 28
Fund Financial Statements (FFS)	29
Governmental Funds:	
Balance Sheet	C 31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D 32
Statement of Revenues, Expenditures, and Changes in Fund Balances	E 33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F 34
Proprietary Fund Type - Enterprise Funds:	
Statement of Net Position	G 35
Statement of Revenues, Expenses, and Changes in Fund Net Position	H 36
Statement of Cash Flows	I 37
Notes to the Financial Statements	
Index	38
Notes	39-56
REQUIRED SUPPLEMENTARY INFORMATION	57
	<u>Exhibit</u>
Schedule of the Employer's Proportionate Share of the Net Pension Liability	1-1 58
Schedule of Employer Contributions to Pension Plan	1-2 59
Notes to Required Supplementary Information for Pensions	60
Budgetary Comparison Schedules	61
General Fund	2-1 62
American Rescue Plan	2-2 63
Notes to the Budgetary Comparison Schedules	64

(Continued)

Town of Richwood

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
SUPPLEMENTARY INFORMATION		65
Schedule of Compensation Paid to Alderpersons	3	66
Schedule of Compensation, Benefits and Other Payments to Agency Head	4	67
Justice System Funding Schedule – Collecting/Disbursing Entity	5	68
Justice System Funding Schedule – Receiving Entity	6	69
OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>		70
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		71-72
Schedule of Findings and Responses		73-75
OTHER INFORMATION		76
Schedule of Prior Year Audit Findings and Reponses		77-78
Corrective Action Plan for Current Year Audit Findings and Responses		79
Management Letter		80-81
Status of Prior Year Management Letter Items		82
AGREED-UPON PROCEDURES		83
Independent Accountant’s Report on Applying Statewide Agreed-Upon Procedures		84-94
		(Concluded)

INTRODUCTORY SECTION

This page intentionally left blank.



TOWN OF RICHWOOD

"An Equal Opportunity Service Provider and Employer"

Gerald Brown, Mayor

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 322-0584

December 31, 2024

Honorable Mayor and Town Alderpersons
Town of Richwood, Louisiana

The Town of Richwood is in the southern portion of Ouachita Parish in Northeast Louisiana. It currently occupies approximately five (5) square miles and serves a population of 3,637. The Town was incorporated December 31, 1974, under the provisions of Louisiana Revised Statute 33:321-463. The Town's system of government is operated by the Lawrason Act. The Act sets the framework and guides the work for more than 75% of the incorporated municipalities in Louisiana.

The Town operates under a form of government consisting of an elected Mayor and a Board of Alderpersons, which has five (5) elected members, all of whom are elected at large. The Mayor is elected for a four-year term and has no limited terms, as well as the Alderpersons. The Mayor, with the Board approval, appoints the Town's Attorney, Magistrate, Clerk, and the Chief of Police. The laws of the Town are enacted through ordinances. The Board of Alderpersons adopts the Town's operating budget. The Mayor may veto ordinances of the Board of Alderpersons. Vetoes may be overridden by a two-thirds vote of the Board.

The Town provides a full range of services, including police protection, traffic control, building inspections, licenses and permits, commercial garbage collection, street maintenance, drainage maintenance and other health and welfare services, in addition to the administrative services provided to its residents.

Financial Controls

The Town's administration is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town is protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgement by management.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary Procedures

The Lawrason Act requires the annual preparation of a balanced operation budget. It prohibits the Fiscal Officer as well as the Mayor from approving any expenditure under any portion of the annual operation budget unless sufficient revenues have been appropriated by the Board of Alderpersons to finance the proposed expenditure. The Board is required to appropriate the necessary tax and other revenues measures to produce a balanced budget. In addition, no budgeted expenditures may be made unless authorized by the Mayor through the allotment system.

The Town monitors revenues and expenditures closely during the year. The Town's Board of Alderpersons, when necessary to increase or curtail budgeted expenditures to ensure a balanced budget, adopts transfers with the budget.

Respectfully submitted,

Bettina Woods

Bettina Woods
Town Clerk

Town of Richwood
List of Elected, Appointed Officials and Personnel
For the Year Ended June 30, 2024

Elected Officials

Mayor
Mayor Pro-Tem
Aldersperson
Aldersperson
Aldersperson
Aldersperson

Gerald Brown
Wilbert Reed Jr.
Wysinger Cleveland
Leola Keys
Simeon Profit
Janice Fleming

Appointed Officials

Attorney
Judge
Town Clerk
Chief of Police

Jay Nolen
Bobby Manning
Bettina Woods
Johnny Cleveland

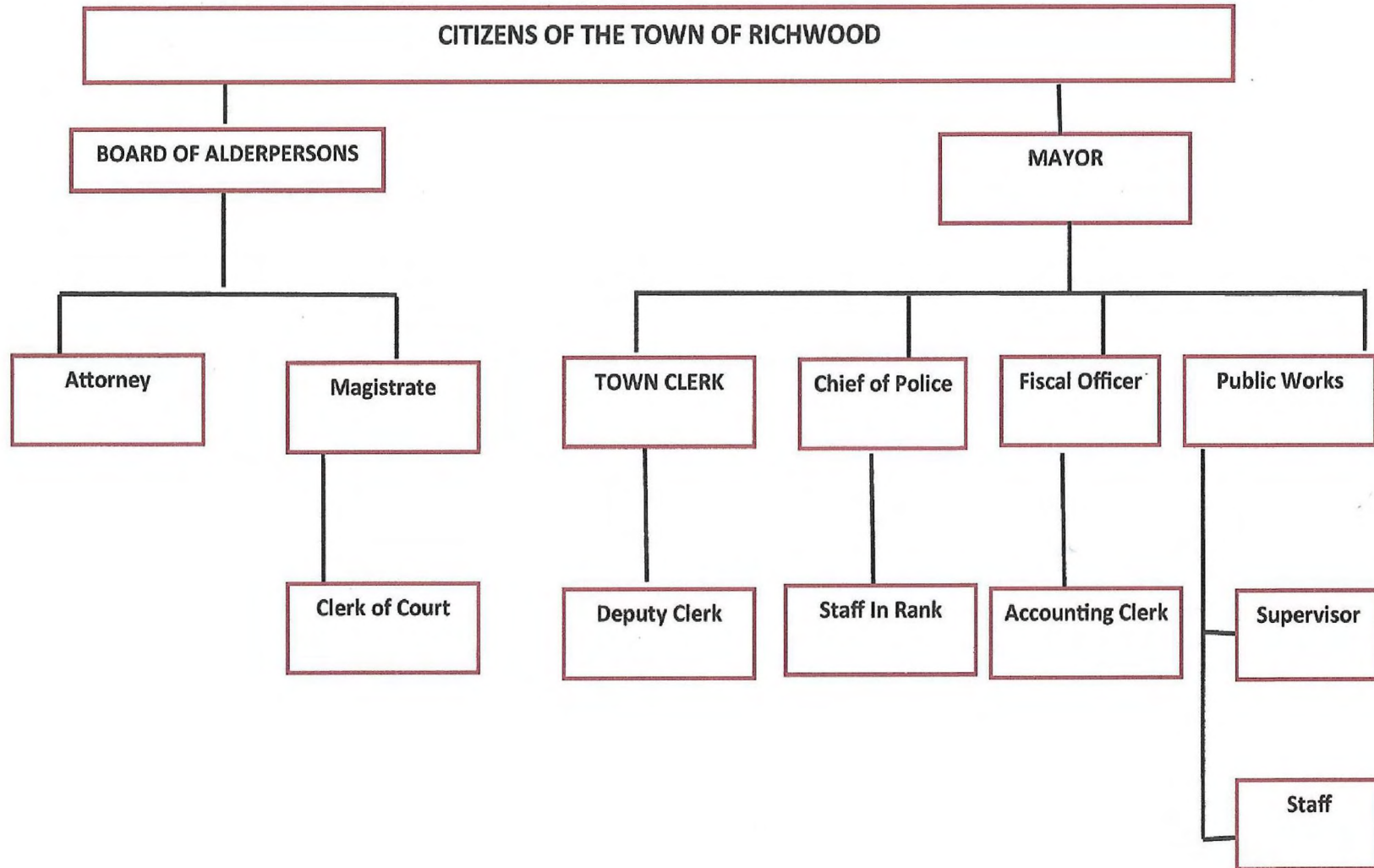
Personnel

Fiscal Officer
Deputy Clerk
Code Enforcement
Police Officer
Police Officer
Police Officer
Public Works Supervisor
Public Works
Public Works
Public Works
Public Works
Public Works
Public Works

Maria Sims
Charlette Rainwater
Chillon Johnson
Audiwan Madison
Robyn James
Anquez Henderson
James Collins
Ricki Willis
Ronnie Lawson
Henry Best
Lawrence Potter
Theodore Washington
Rufus Ward

TOWN OF RICHWOOD

ORGANIZATIONAL CHART





ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

Audit Managers: Amy Tynes, CPA, CFE
Margie Williamson, CPA
Jennie Henry, CPA, CFE

Supervisors: Sandra Harper, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and the Board of Alderpersons
Town of Richwood
Richwood, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Richwood, Louisiana, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Richwood, Louisiana, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Town of Richwood

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Employer's Proportionate Share of the Net Pension Liability, Schedule of Employer Contributions to Pension Plan, notes to the required supplementary information for pensions, and the budgetary comparison schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Town of Richwood

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
December 31, 2024

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION:

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

Our discussion and analysis of the Town of Richwood, Louisiana's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is designed to: 1) Assist the reader in focusing on significant financial issues; 2) Identify changes in the Town's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated because of this year's operations; 3) Identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and 4) Identify individual fund issues or concerns.

As management of the Town, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by over \$3.4 million.
- During the year, the revenues of the Town's governmental activities exceeded expenses by \$855 thousand. Last year, revenues exceeded expenses by \$92 thousand.
- The Town's total revenue was \$570 thousand more than the prior year. A \$572 thousand increase occurred in governmental activities, offset by a \$2 thousand decrease in business-type activities.
- The total cost of all of the Town's governmental activities programs was approximately \$1.5 million.
- During the year, the revenues of the Town's business-type activities were less than expenses by \$113 thousand.

USING THIS ANNUAL REPORT

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

Reporting the Town as a Whole

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

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

These two statements report the Town's net position and changes in them. You can think of the Town's net position—the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources—as one way to measure the Town's financial health, or financial position.

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

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

- **Governmental activities** – Most of the Town's basic services are reported here, including the police, public works, sanitation and health, and general administration. Property taxes, sales taxes, franchise fees, and state and federal grants finance most of these activities.
- **Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's sewer system is reported here.

Reporting the Town's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required to be established by state law and by bond covenants. However, the Town establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like sales taxes restricted for specific use). The Town's two kinds of funds –*governmental* and *proprietary* use different accounting approaches.

- *Governmental funds* – Most of the Town's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are nonspendable, restricted, committed, assigned or unassigned. These classifications of fund balance show the nature and extent of constraints placed on the Town's fund balances by law, creditors, Town council, and the Town's annually adopted budget. Unassigned fund balance is available for spending for any purpose. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation following the fund financial statements.
- *Proprietary funds* – When the Town charges customers for the services it provides – whether to outside customers or to other units of the Town – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the Town's enterprise fund (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

THE TOWN AS A WHOLE

The Town's combined net position increased by \$644 thousand. In contrast, last year's net position increased by \$45 thousand. Looking at net position and net expenses of governmental and business-type activities separately, however, provides more detail. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

(Table 1)
Net Position
June 30

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 3,031,257	\$ 3,313,581	\$ 198,749	\$ 188,924	\$ 3,230,006	\$ 3,502,505
Restricted assets	132,155	130,730	-	-	132,155	130,730
Capital assets	1,839,081	1,064,947	115,861	168,342	1,954,942	1,233,289
Total assets	5,002,493	4,509,258	314,610	357,266	5,317,103	4,866,524
Total deferred outflows of resources	184,839	246,672	-	-	184,839	246,672
Liabilities						
Current and other liabilities	681,682	1,221,187	70,815	-	752,497	1,221,187
Long-term liabilities	1,139,140	1,017,486	-	-	1,139,140	1,017,486
Total liabilities	1,820,822	2,238,673	70,815	-	1,891,637	2,238,673
Total deferred inflows of resources	603	6,332	-	-	603	6,332
Net Position						
Net investment in capital assets	1,265,260	564,771	115,861	168,342	1,381,121	733,113
Restricted	209,015	353,582	-	-	209,015	353,582
Unrestricted	1,891,632	1,592,572	127,934	188,924	2,019,566	1,781,496
Total net position	\$ 3,365,907	\$ 2,510,925	\$ 243,795	\$ 357,266	\$ 3,609,702	\$ 2,868,191

One portion of the Town of Richwood's net position totaling approximately \$1.3 million reflects its investment in capital assets (e.g. land, buildings, streets, drainage, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The Town of Richwood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Richwood'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.

Governmental Activities – Net Position

Unrestricted net position of governmental activities increased \$299 thousand.

Business-type Activities – Net Position

Unrestricted net position of business type activities decreased \$61 thousand.

Our analysis that follows separately considers the operations of governmental and business-type activities.

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

Governmental activities

The total revenues for governmental activities increased by \$571 thousand when compared to prior year revenues, with an increase in grants and contributions not restricted to a program of \$663 thousand partially offset by a decrease in charges for services of \$105 thousand.

Overall governmental expenses were \$192 thousand less than last year's expenses, with general and administrative expenses showing the largest decrease of \$138 thousand. The decrease in expenses is related to an effort to reduce spending and increase efficiency measures.

Business-type activities

This year, expenses exceeded revenues for business-type activities by \$113 thousand. Last year, the expenses exceeded revenues by \$47 thousand. The increase in expenses is related to infrastructure project expenses, primarily an extensive manhole rehabilitation project.

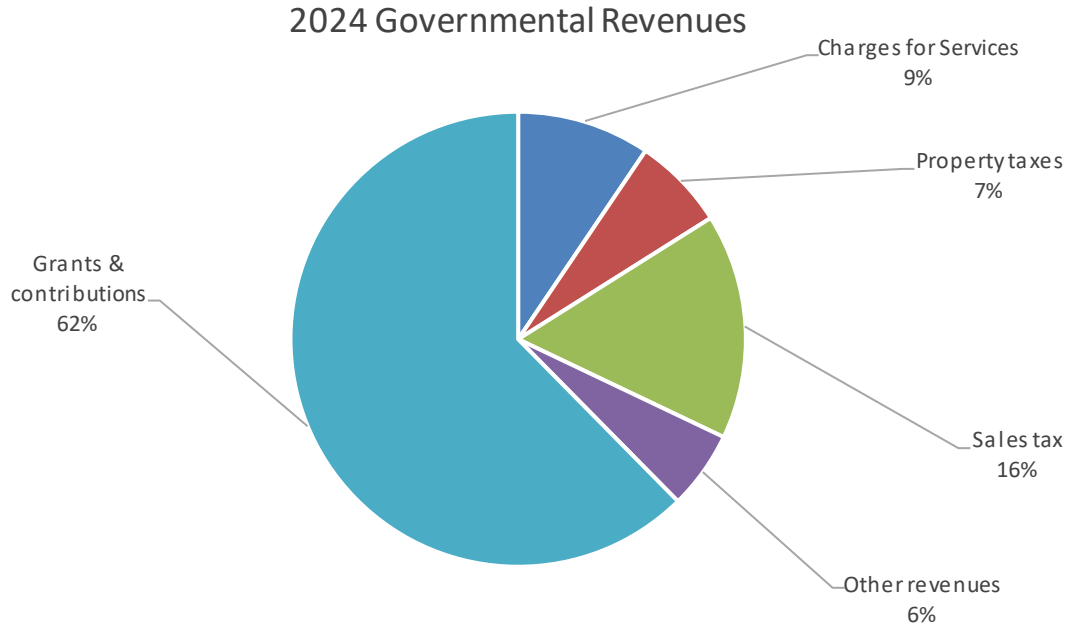
Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

(Table 2)
Changes in Net Position
For the Year Ended June 30

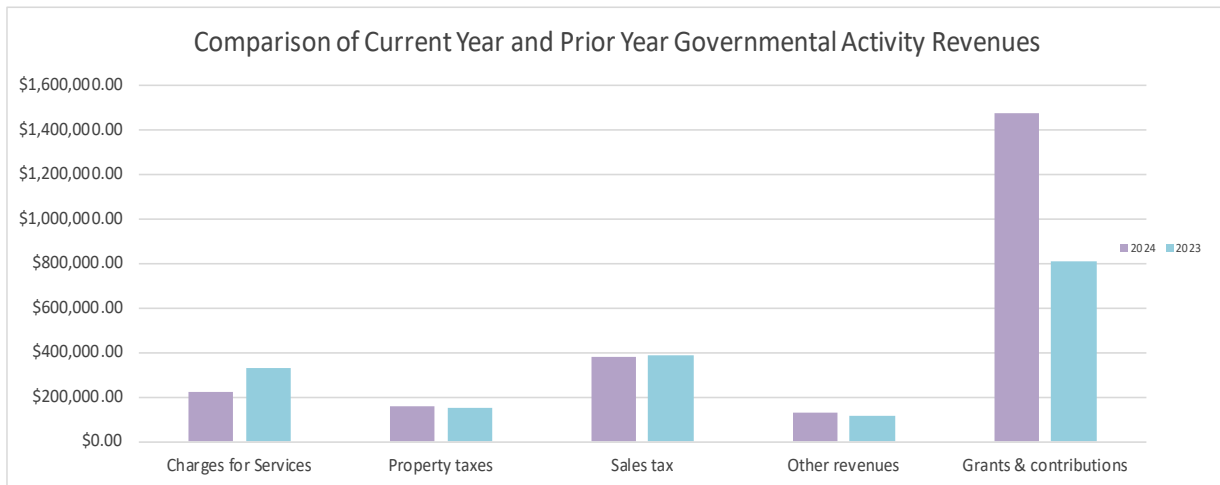
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues						
Charges for services	\$ 223,048	\$ 327,848	\$ 23,579	\$ 25,160	\$ 246,627	\$ 353,008
Operating grants and contributions	3,043	5,720	-	-	3,043	5,720
General revenues						
Property taxes	155,531	151,295	-	-	155,531	151,295
Sales tax	378,133	383,395	-	-	378,133	383,395
Other taxes, penalties and interest	66,134	67,875	-	-	66,134	67,875
License and permits	19,108	15,953	-	-	19,108	15,953
Grants and contributions not restricted to a program	1,468,478	805,183	-	-	1,468,478	805,183
Earnings on investments	31,792	4,258	-	-	31,792	4,258
Miscellaneous	13,728	26,131	-	-	13,728	26,131
Total Revenues	2,358,995	1,787,658	23,579	25,160	2,382,574	1,812,818
Functions/Program Expenses:						
Governmental activities						
General and administrative	764,652	902,182	-	-	764,652	902,182
Police department	364,529	404,466	-	-	364,529	404,466
Sanitation and health	88,662	102,274	-	-	88,662	102,274
Public Works	254,043	251,494	-	-	254,043	251,494
Interest expense	32,127	35,557	-	-	32,127	35,557
Business-type activities						
Sewer enterprise	-	-	137,050	71,828	137,050	71,828
Total Functions/Program Expenses	1,504,013	1,695,973	137,050	71,828	1,641,063	1,767,801
Increase (decrease) in net position	854,982	91,685	(113,471)	(46,668)	741,511	45,017
Net position - beginning	2,510,925	2,419,240	357,266	403,934	2,868,191	2,823,174
Net position - ending	\$ 3,365,907	\$ 2,510,925	\$ 243,795	\$ 357,266	\$ 3,609,702	\$ 2,868,191

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

The following chart displays the various types of governmental revenues and their respective percentage of total governmental revenues received as of June 30, 2024:

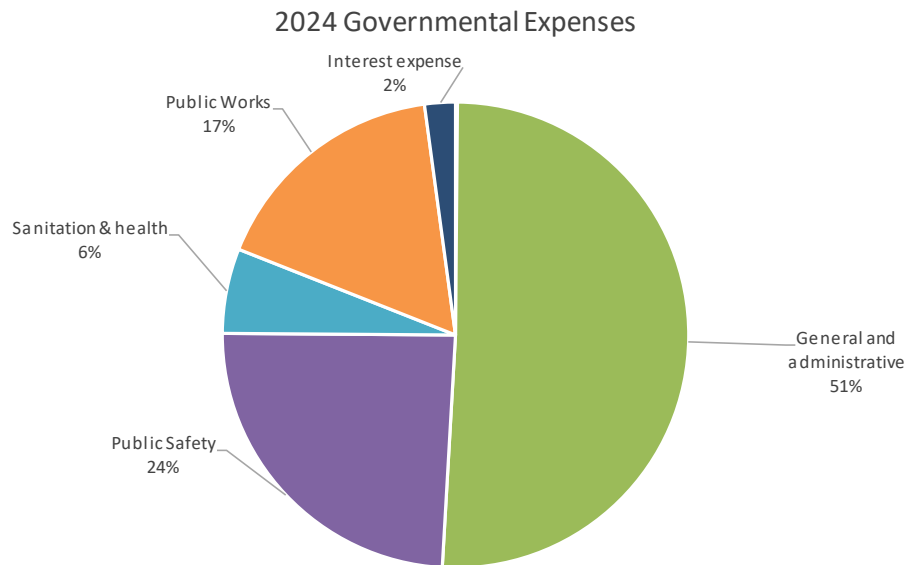


The chart below compares governmental revenues of the current year to the prior year.

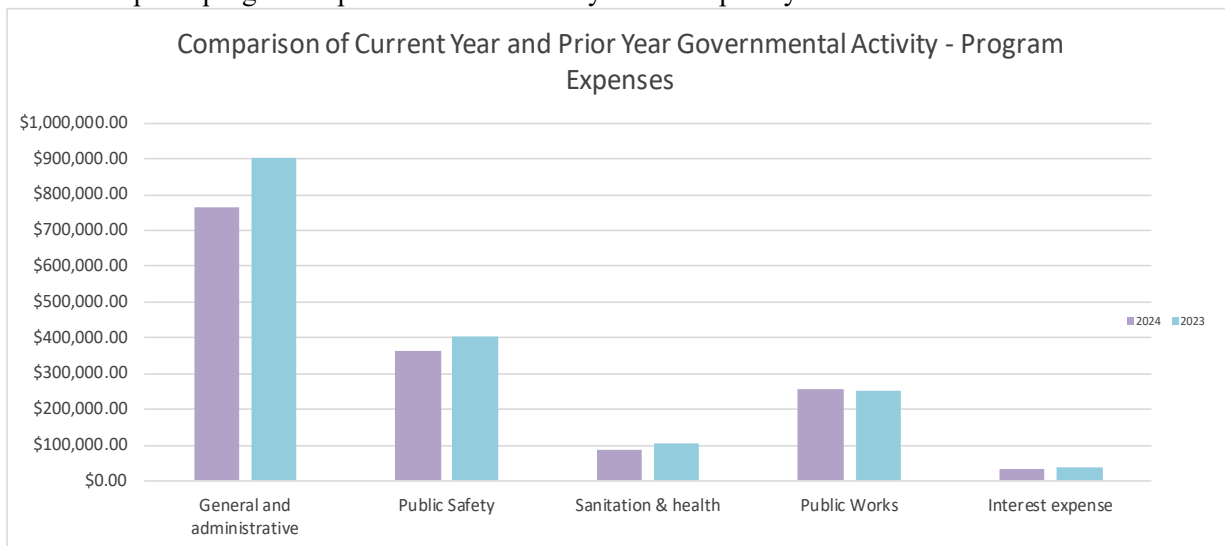


Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

The following chart displays the various types of governmental activity expenses and their respective percentage of total governmental expense received as of June 30, 2024:



The Town's largest program expenses during the current year were general and administrative and public safety which are 51% and 24% of the total governmental-type program expense in the current year, respectively. The chart below compares program expenses of the current year to the prior year.



THE TOWN'S FUNDS

Governmental funds – The focus of the Town of Richwood's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Richwood's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

As the Town completed the year, its governmental funds reported a combined fund balance of \$2.5 million, increasing by \$307 thousand. This increase in fund balance is due to an increase in general fund balance offset by a decrease in transportation fund balance.

General Fund - Revenues increased \$53 thousand compared to the prior year. This was mainly due to strong and consistent gaming and Richwood Correctional Center Sponsorship payments.

Expenditures increased only \$9 thousand which is mainly due to controlled spending, inflation, and prioritizing spending for certain areas.

American Rescue Plan - Revenues are recognized in this fund as funds are expended. This fund reported revenues and expenditures of \$562 thousand due to infrastructure and street improvements.

Proprietary funds – The Town’s proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Sewer Utility fund reported a decrease in net position of \$113 thousand for the year with an ending net position of \$244 thousand.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget was adopted in July 2023. There were no budget amendments. Actual amounts available for appropriation exceeded budgeted amounts by \$360 thousand which is mainly due to loan proceeds of \$172 thousand. Actual fund balance exceeded budgeted fund balance by \$-0- thousand while actual revenues exceeded budgeted revenues by \$360 thousand. Actual charges to appropriations were less than budgeted charges to appropriations by \$184 thousand. Actual capital outlay charges were more than budgeted by \$210 thousand due to renovations to public works facility. Budgetary Fund Balance, Ending saw a favorable increase of \$544 thousand for the year more than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of June 30, 2024, the Town had \$1.4 million net invested in capital assets including police equipment, buildings, and sewer equipment. This amount represents an increase of approximately \$648 thousand in investments in capital assets.

Town of Richwood
Management's Discussion and Analysis (MD&A)
June 30, 2024

Town of Richwood's Capital Assets at Year-end
June 30, 2024

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 99,500	\$ 99,500	\$ -	\$ -	\$ 99,500	\$ 99,500
Construction in Progress	702,765	-	-	-	702,765	-
Buildings	943,700	943,700	-	-	943,700	943,700
Building improvements	74,394	63,227	-	-	74,394	63,227
Furniture & equipment	469,306	336,034	-	-	469,306	336,034
Infrastructure	333,238	333,238	1,834,244	1,834,244	2,167,482	2,167,482
Other improvements	318,706	318,706	-	-	318,706	318,706
Vehicles	94,143	96,608	-	-	94,143	96,608
Total capital assets	3,035,752	2,191,013	1,834,244	1,834,244	4,869,996	4,025,257
Accumulated depreciation	(1,196,671)	(1,126,066)	(1,718,383)	(1,665,902)	(2,915,054)	(2,791,968)
Net capital assets	\$ 1,839,081	\$ 1,064,947	\$ 115,861	\$ 168,342	\$ 1,954,942	\$ 1,233,289

Current year additions included public works, administrative, and police equipment.

Debt

At June 30, 2024 long term debt for the Town included the following:

	Governmental Activities	
	2024	2023
Loan Payable	\$ 415,000	\$ 505,000
Note Payable	162,625	-
Total Debt	<u>\$ 577,625</u>	<u>\$ 505,000</u>

More detailed information about the Town's long-term liabilities is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Budget figures for the new fiscal year are based on efforts to stimulate the economy through the increase of economic development activities. In reference to sales tax collections, a conservative budget proposal was applied. The Town will maintain the high service levels for fiscal year 2024/2025 without any major rate and service fee increases in the near future. Personnel expenditures continue to rise.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Town Clerk's office at 2710 Martin Luther King Drive, Richwood, Louisiana.

BASIC FINANCIAL STATEMENTS:

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

This page intentionally left blank.

TOWN OF RICHWOOD

STATEMENT OF NET POSITION

June 30, 2024

Statement A

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$ 2,875,425	\$ 229,170	\$ 3,104,595
Restricted assets:			
Investments	132,155	-	132,155
Receivables, net	125,411	-	125,411
Internal balances	30,421	(30,421)	-
Capital assets:			
Land and construction in progress	802,265	-	802,265
Depreciable assets, net of depreciation/ amortization	1,036,816	115,861	1,152,677
TOTAL ASSETS	5,002,493	314,610	5,317,103
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	184,839	-	184,839
TOTAL DEFERRED OUTFLOWS OF RESOURCES	184,839	-	184,839
LIABILITIES			
Accounts and other payables	150,427	70,815	221,242
Interest payable	11,456	-	11,456
Unearned revenue	519,799	-	519,799
Noncurrent liabilities:			
Due within one year:			
Loan, net and compensated absences	152,908	-	152,908
Due in more than one year			
Loan, net and compensated absences	542,461	-	542,461
Net pension liability	443,771	-	443,771
TOTAL LIABILITIES	1,820,822	70,815	1,891,637
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	603	-	603
TOTAL DEFERRED INFLOWS OF RESOURCES	603	-	603
NET POSITION			
Net investment in capital assets	1,265,260	115,861	1,381,121
Restricted for:			
Debt service	132,155	-	132,155
Transportation program	76,860	-	76,860
Unrestricted	1,891,632	127,934	2,019,566
TOTAL NET POSITION	\$ 3,365,907	\$ 243,795	\$ 3,609,702

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Statement B

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	Governmental Activities	Business-Type Activities	TOTAL
<i>Governmental activities:</i>						
General and administrative	\$ 764,652	\$ 96,944	\$ -	\$ (667,708)	\$ -	\$ (667,708)
Public safety	364,529	36,004	-	(328,525)	-	(328,525)
Sanitation and health	88,662	90,100	-	1,438	-	1,438
Public works	254,043	-	3,043	(251,000)	-	(251,000)
Interest expense	32,127	-	-	(32,127)	-	(32,127)
Total Governmental Activities	1,504,013	223,048	3,043	(1,277,922)	-	(1,277,922)
<i>Business-type activities:</i>						
Sewer activities	137,050	23,579	-	-	(113,471)	(113,471)
Total Business-Type Activities	137,050	23,579	-	-	(113,471)	(113,471)
Total	\$ 1,641,063	\$ 246,627	\$ 3,043	(1,277,922)	(113,471)	(1,391,393)
General Revenues and transfers:						
General revenues:						
Property taxes levied for general purposes				155,531	-	155,531
Sales and use tax revenue				378,133	-	378,133
Franchise taxes				66,134	-	66,134
Licenses and permits				19,108	-	19,108
Grants and contributions not restricted to a specific program				1,468,478	-	1,468,478
Earnings on investments				31,792	-	31,792
Miscellaneous				13,728	-	13,728
Total general revenues and transfers				2,132,904	-	2,132,904
Changes in net position				854,982	(113,471)	741,511
Net position - beginning				2,510,925	357,266	2,868,191
Net position - ending				\$ 3,365,907	\$ 243,795	\$ 3,609,702

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THIS STATEMENT.

BASIC FINANCIAL STATEMENTS:

FUND FINANCIAL STATEMENTS (FFS)

This page intentionally left blank.

TOWN OF RICHWOOD

**GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2024**

Statement C

	SPECIAL REVENUE			
	GENERAL	TRANSPORTATION	AMERICAN RESCUE PLAN	TOTAL
ASSETS:				
Cash and cash equivalents	\$ 2,220,829	\$ 125,642	\$ 528,954	\$ 2,875,425
Receivables	125,411	-	-	125,411
Interfund receivables	30,421	-	-	30,421
Restricted Assets:				
Investments	132,155	-	-	132,155
TOTAL ASSETS	2,508,816	125,642	528,954	3,163,412
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts and other payables	92,490	48,782	9,155	150,427
Unearned revenue	-	-	519,799	519,799
TOTAL LIABILITIES	92,490	48,782	528,954	670,226
FUND BALANCES:				
Restricted for debt service	132,155	-	-	132,155
Restricted for transportation program	-	76,860	-	76,860
Unassigned	2,284,171	-	-	2,284,171
TOTAL FUND BALANCES	2,416,326	76,860	-	2,493,186
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,508,816	\$ 125,642	\$ 528,954	\$ 3,163,412

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2024**

Statement D

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

Total fund balances - governmental funds	\$	2,493,186
--	----	-----------

The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Town as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Costs of capital assets	\$	3,035,752	
Accumulated depreciation		<u>(1,196,671)</u>	
			1,839,081

Deferred outflows of resources are not available to pay current period expenditures and deferred inflows of resources are not due and payable in the current period, therefore, neither are reported in the governmental funds.

Deferred outflows related to pensions	\$	184,839	
Deferred inflows related to pensions		<u>(603)</u>	
			184,236

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Balances at June 30, 2024 are:

Accrued interest payable	\$	11,456	
Loan, net of discount		573,821	
Compensated absences payable		121,548	
Net pension liability		<u>443,771</u>	
			<u>(1,150,596)</u>

Net position - governmental activities	\$	<u><u>3,365,907</u></u>
--	----	-------------------------

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2024**

Statement E

	SPECIAL REVENUE			
	GENERAL	TRANSPORTATION	AMERICAN RESCUE PLAN	TOTAL
REVENUES				
Taxes:				
Ad valorem	\$ 155,531	\$ -	\$ -	\$ 155,531
Sales and use	378,133	-	-	378,133
Other taxes, penalties, and interest	66,134	-	-	66,134
Licenses and permits	106,767	-	-	106,767
Intergovernmental revenues	3,043	-	562,339	565,382
Fees, charges and commissions for services	996,239	-	-	996,239
Use of money and property	41,097	-	-	41,097
Fines and forfeitures	36,004	-	-	36,004
Miscellaneous revenues	29,908	-	-	29,908
TOTAL REVENUES	1,812,856	-	562,339	2,375,195
EXPENDITURES				
Current:				
General and administrative	658,389	20	5,546	663,955
Police department	255,641	-	-	255,641
Sanitation and health	88,662	-	-	88,662
Public works	237,574	-	-	237,574
Capital outlay	209,510	145,972	556,793	912,275
Debt service:				
Principal retirement	99,872	-	-	99,872
Interest and bank charges	31,338	-	-	31,338
TOTAL EXPENDITURES	1,580,986	145,992	562,339	2,289,317
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	231,870	(145,992)	-	85,878
OTHER FINANCING SOURCES (USES)				
Loan proceeds	172,497	-	-	172,497
TOTAL OTHER FINANCING SOURCES (USES)	172,497	-	-	172,497
Net Change in Fund Balances	404,367	(145,992)	-	258,375
FUND BALANCES - BEGINNING	2,011,959	222,852	-	2,234,811
FUND BALANCES - ENDING	\$ 2,416,326	\$ 76,860	\$ -	\$ 2,493,186

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

GOVERNMENTAL FUNDS Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Year Ended June 30, 2024

Statement F

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

Total net change in fund balances - governmental funds	\$ 258,375
--	------------

Capital outlays are reported in governmental funds 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 exceeds capital outlays in the period:

Capital outlays	\$ 912,275	
Depreciation/amortization expense	<u>(121,961)</u>	790,314

The Statement of Activities reflects the effect of the disposition of capital assets during the year. The cost less the depreciation (net value) of the items disposed of during the year are not reflected in the fund balance.	(16,180)
--	----------

The recognition of pension expense in the Statement of Activities is based on projected benefit payments discounted to actuarial present value and attributed to periods of employee service. Pension expenditures in the governmental funds are the amounts actually paid.	(93,672)
---	----------

The issuance of long-term debt provides current financial resources of governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental funds but increases or reduces long-term liabilities respectively in the Statement of Net Position.

Repayment of Debt	99,872	
Issuance of Long-Term Debt	<u>(172,497)</u>	(72,625)

In the Statement of Activities, certain operating expenses - compensated absences (vacation leave) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(10,441)
--	----------

Other expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported in governmental funds:

Amortization of loan discount	\$ (1,020)	
Accrued interest on long-term debt	<u>231</u>	<u>(789)</u>

Change in net position of governmental activities	<u><u>\$ 854,982</u></u>
---	--------------------------

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

PROPRIETARY FUND TYPE - ENTERPRISE FUND

Statement of Net Position

June 30, 2024

Statement G

**SEWER UTILITY
FUND**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents

\$ 229,170

NONCURRENT ASSETS:

Capital Assets:

Depreciable assets, net of depreciation

115,861

TOTAL ASSETS

345,031

LIABILITIES

CURRENT LIABILITIES :

Accounts and other payables

70,815

Interfund payables

30,421

Total current liabilities

101,236

NET POSITION

Net investment in capital assets

115,861

Unrestricted

127,934

TOTAL NET POSITION

\$ 243,795

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

TOWN OF RICHWOOD

PROPRIETARY FUND TYPE - ENTERPRISE FUND

**Statement of Revenues, Expenses,
and Changes in Fund Net Position
For the Year Ended June 30, 2024**

Statement H

**SEWER UTILITY
FUND**

OPERATING REVENUES	
Sewerage	\$ 23,579
Total operating revenues	<u>23,579</u>
OPERATING EXPENSES	
Repairs and maintenance	84,569
Depreciation/amortization	<u>52,481</u>
Total operating expenses	<u>137,050</u>
OPERATING INCOME (LOSS)	(113,471)
NET POSITION (Deficit) - BEGINNING	<u>357,266</u>
NET POSITION (Deficit) - ENDING	<u><u>\$ 243,795</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PROPRIETARY FUND TYPE - ENTERPRISE FUND
Statement of Cash Flows
For the Year Ended June 30, 2024

	Statement I
	SEWER UTILITY FUND
CASH FLOW (USES) FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 23,579
Net cash provided by (used for) operating activities	23,579
Net increase (decrease) in cash and cash equivalents	23,579
CASH AND CASH EQUIVALENTS - BEGINNING	205,591
CASH AND CASH EQUIVALENTS - ENDING	\$ 229,170
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (113,471)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation/amortization	52,481
Increase (decrease) in accounts and other payables	70,815
Increase (decrease) in interfund payable	13,754
Net cash provided by (used for) operating activities	\$ 23,579

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THIS STATEMENT.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

INDEX	Page
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	39
A. REPORTING ENTITY	39
B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS	39
C. DEPOSITS AND INVESTMENTS	41
D. RECEIVABLES	42
E. ELIMINATION AND RECLASSIFICATION	42
F. CAPITAL ASSETS	42
G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES	43
H. UNEARNED REVENUE	43
I. INTERFUND ACTIVITY	43
J. COMPENSATED ABSENCES	43
K. LONG-TERM OBLIGATIONS	44
L. RESTRICTED NET POSITION	44
M. FUND EQUITY OF FUND FINANCIAL STATEMENTS	44
N. ESTIMATES	45
O. PENSION PLANS	45
NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	45
NOTE 3 - DEPOSITS AND INVESTMENTS	46
NOTE 4 - AD VALOREM TAXES	47
NOTE 5 - SALES TAXES	47
NOTE 6 - RECEIVABLES	47
NOTE 7 - INTERFUND TRANSACTIONS/BALANCES	48
NOTE 8 - CAPITAL ASSETS	48
NOTE 9 - ACCOUNTS AND OTHER PAYABLES	49
NOTE 10 - PENSION PLAN	49
NOTE 11 - LONG-TERM DEBT	54
NOTE 12 - CONTRACTUAL SERVICE AGREEMENT	55
NOTE 13 - LITIGATIONS AND CONTINGENCIES	55
NOTE 14 - RISK MANAGEMENT	55
NOTE 15 - NEW GASB STANDARDS	56

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Richwood, Louisiana (the Town) was incorporated on December 31, 1974 under the provisions of Louisiana Revised Statutes 33:321-463. The Town is located in Ouachita Parish. Elected officials of the Town of Richwood are a mayor and five (5) alderpersons who all serve four-year terms. The affairs of the Town are conducted and managed by the mayor and board of alderpersons. The Town provides public safety, garbage collection, street maintenance, drainage maintenance, and other health and welfare services, in addition to the administrative services provided to its residents.

The accompanying financial statements of the Town of Richwood have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Town is considered a separate governmental reporting entity because it has a separately elected governing body and is legally separate and fiscally independent. For financial reporting purposes, the Town's financial statements include all funds for which the Town is financially accountable.

B. Basis of Accounting and Measurement Focus

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. The Statement of Net Position and Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

Revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the Town has an enforceable legal claim to the revenues, expenses, gains, losses, assets, deferred outflows, liabilities, and deferred inflows.

General Revenues General revenues included in the Statement of Activities derive directly from local property and sales taxes, interest and investment earnings, unrestricted state and local grants, and other miscellaneous revenues. General revenues finance the remaining balance of a function not covered by program revenues.

Program Revenues Program revenues included in the Statement of Activities include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Allocation of indirect expenses The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on long-term debt is considered an indirect expense and is reported separately in the Statement of Activities.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Fund Financial Statements (FFS)

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

The emphasis in fund financial statements is on the major funds in both the governmental and business-type activities categories. Nonmajor funds by category are summarized into a single column.

The following fund types are used by the Town:

1. Governmental funds

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available.”) “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when they mature.

With this measurement focus, only current assets, current liabilities and current deferred outflows/inflows of resources are generally included on the balance sheet. Operating statements of these funds present increases and decreases in current net position. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

- Ad valorem taxes (property) are recorded in the year they are assessed. Property taxes are assessed on a calendar-year basis and become due on December 31 of each year and become delinquent on January 1st. The taxes are normally collected in December, January, and February of the current year.
- Sales taxes are recognized when received by the Town’s collections agent, the City of Monroe.
- Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end.)
- Fines, forfeitures, licenses, and permits are considered measurable and available when they are collected.
- Interest income on investments is recorded when earned and the income is available.
- Substantially all other revenue items are recorded when they are measurable and available to the Town.

Expenditures

- All expenditures are recognized when the related fund liability has been incurred.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Other Financing Sources (Uses)

Sales of capital assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

The Town reports the following major governmental funds:

General fund – is the general operating fund of the Town. It accounts for all activities except those required to be accounted for in other funds.

Transportation fund – accounts for the State of Louisiana’s parish transportation program.

American Rescue Plan fund - accounts for the receipt and use of the Coronavirus State & Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021.

2. Proprietary funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Operating Revenues and Expenses Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are fees collected for sewer services provided to the citizens of the Town. Non-operating revenues are revenues that are not derived from sewer services such as earnings on investments. Proprietary Fund Type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Operating expenses are costs of providing these services such as maintenance and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town reports the following major proprietary fund:

Sewer Utility Fund - is used to account for sewer service operations that are financed and operated in a manner similar to a private business enterprise. 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 where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Deposits and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For purposes of the statements of cash flows, cash and cash equivalents includes demand deposits and are stated at cost.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Louisiana Revised Statute R.S. 33:2955 and the Town's investment policy govern the types of allowable securities to be purchased by the Town. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Long-term investments, those with original maturities greater than one (1) year, are valued at the last reported sales price at current exchange rates.

D. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible receivables are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report utilities as their major receivable. An allowance for uncollectible receivables is maintained, however, if amounts become uncollectible, in the opinion of management, they are charged to operations at that time.

E. Elimination and Reclassification

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds." While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported as gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated <u>Lives</u>
Infrastructure	25-40 years
Buildings	15-20 years
Buildings improvements	10-20 years
Furniture and fixtures	5-10 years
Vehicles	5-15 years

G. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Statement of Net Position reports the Town's proportionate share of the deferred outflows of resources related to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Statement of Net Position reports the Town's proportionate share of the deferred inflows of resources related to pensions.

H. Unearned Revenue

The Town reports unearned revenue on its Statement of Net Position and on the Fund Financial Statements' balance sheet. Unearned revenue will arise when the Town receives resources before qualifying events have occurred to allow it to be recognized as revenue at the end of the current period, as when grant monies are received and available to spend in the current period but cannot be recognized as revenue until the qualifying expenditures are incurred in accordance with GAAP. In subsequent periods, when the qualifying expenditures are incurred, the liability for unearned revenue is removed from the Governmental Fund's Fund Financial Statements' balance sheet and the revenue is recognized as earned.

I. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation to the Government-wide Financial Statements. Reimbursements occur between funds when one fund incurs a cost that benefits another fund, and the benefiting fund reimburses the fund incurring the cost for the benefit received. All other interfund transactions are treated as transfers. Transfers made between governmental and proprietary funds are eliminated as part of the reconciliation to the Government-wide Financial Statements.

J. Compensated Absences

Employees earn one to five weeks of vacation leave annually, depending upon length of service. The Town's policy regarding vacation time permits full-time employees to accumulate earned but unused vacation leave up to 365 days. Upon termination, employees are paid for vacation time accrued. The entire accrued vacation liability is reported on

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

the government-wide financial statements. For governmental fund financial statements, the current portion of this debt is the amount that is normally expected to be paid using expendable available financial resources. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The Town's policy regarding sick time permits full-time employees to accrue sick leave at the rate of one to three weeks per year, depending on length of service. Sick time may be carried over from year to year up to a limit of 365 days. Upon termination or retirement, the employee will be reimbursed for his/her accrued sick leave at his/her regular hourly rate of pay. The liability for sick leave accrual is recorded as long-term debt in the government-wide financial statements.

K. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond and loan premiums and discounts, as well as issuance costs, are recognized in the period the bonds and loans are issued. Deferred gains on refunding are capitalized and amortized over the life of the refunding only in the governmental activities.

In the fund financial statements, governmental fund types recognize bond and loan premiums and discounts, as well as bond and loan issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Payment of principal and interest are reported as debt service expenditures.

L. Restricted Net Position

For the government-wide Statement of Net Position, net position is reported as restricted if either of the following conditions exists:

- Restrictions are externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;
- Restrictions are imposed by law through constitutional provision or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources when expenses are incurred for purpose for which both restricted and unrestricted net position are available.

M. Fund Equity of Fund Financial Statements

The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used. In the fund financial statements, fund balances are classified as follows:

- a. Nonspendable fund balance - amounts that are not in a spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories.
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors,

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

- c. Committed fund balance - amounts constrained to specific purposes determined by the Town itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest-level action to remove or change the constraint. The Town Board of Alderpersons establishes (and modified or rescinds) fund balance commitments by passage of an ordinance or resolution.
- d. Assigned fund balance - amounts that the Town intends to use for a specific purpose, intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Assigned fund balance is established by the Board of Alderpersons through adoption or amendment of the budget as intended for specific purpose.
- e. Unassigned fund balance - amounts that are available for any purpose, positive amounts are reported only in the General fund. The Town has not adopted a policy to maintain the General fund's unassigned fund balance above a certain minimum level.

The Town reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The Town considers restricted amounts to have been spent when an expenditure has been incurred for purposes for which both restricted and unrestricted fund balance are available.

N. Estimates

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

O. Pension Plans

The Town is a participating employer in a cost-sharing, multiple employer, defined benefit pension plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan, and additions to/deductions for the plans fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget Information

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

- a) The Mayor prepares a proposed budget and submits same to the Board no later than fifteen days prior to the beginning of each fiscal year.
- b) The public is notified that the proposed budget is available for public inspection. At that time a public

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

- hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
 - d) After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
 - e) The Mayor must advise the Board when (i) total revenues and other sources plus projected revenues and other sources for the remainder of the year, within a fund, are failing to meet budgeted revenues and other sources by 5% or more; (ii) total 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 5% or more; and (iii) actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by 5% or more and fund balance is being used to fund current year expenditures. The Board is responsible for adopting amended budgets on a timely basis.
 - f) All budgetary appropriations lapse at the end of each fiscal year.
 - g) Budgets for the General and Special Revenue funds are adopted on a basis consistent with generally accepted accounting principles (gaap).

The budgets for the general and special revenue funds were not adopted until July 2023. There was no budget adoption for the transportation special revenue fund.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits

Deposits are stated at cost, which approximates fair market value. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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.

Custodial credit risk: In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits, may not be returned to it. As of June 30, 2024, the Town had a bank balance total of \$3,116,875, in which \$2,866,875 was exposed to custodial credit risk. Even though the pledged securities are considered uncollateralized under the provisions of GASB, Louisiana Revised Statue 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand. The Town's policy does not address custodial credit risk.

Interest Rate Risk: The Town's policy does not address interest rate risk.

Investments

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

At June 30, 2024 the Town had assets in money market mutual instruments managed by a financial institution. The accounts had a fair value of \$132,155 and was determined using quoted prices in active markets for identical investments (level 1).

Interest Rate Risk: The Town's policy does not address interest rate risk.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Credit Risk: The Town's policy does not address credit risk. The money market mutual funds are unrated.

Custodial Credit Risk-Investments: For an investment, this is the risk that, in the event of the failure of the counter party, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments of \$132,155 are registered in the Town's name held by the trust departments of the financial institutions. The Town's policy does not address custodial credit risk.

NOTE 4 - AD VALOREM TAXES

The Town levies property taxes on real and business property located within the Town's boundaries. Property taxes are levied by the Town on property values assessed by the Ouachita Parish Tax Assessor and approved by the state of Louisiana Tax Commission. The Ouachita Parish Tax Assessor prepares tax statements for the Town. Ad valorem taxes were levied June 15, 2023 with a due date and collection date of December 31, 2023 and a lien date of January 1, 2024.

The following is a summary of authorized and levied property taxes:

	<u>Maximum Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General Fund Operations	6.31	6.26	Statutory
Police operations & recreation facilities	20.85	20.69	2028

NOTE 5 - SALES TAXES

The Town was authorized in 1986 to levy a 2% sales-based tax for the purpose of providing funds for any lawful purpose.

NOTE 6 - RECEIVABLES The following is a summary of receivables at June 30, 2024:

<u>Class of Receivables</u>	<u>General</u>
<u>Governmental Activities:</u>	
General Funds:	
Taxes:	
Sales & use	\$ 57,791
Garbage collections	3,348
Charitable gaming	29,793
Franchise fees	3,042
License and permits	250
Court fines	1,190
Richwood Correctional Center Sponsorship Fees	36,948
Allowance for doubtful accounts	(6,951)
Total	<u>\$ 125,411</u>

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

NOTE 7 - INTERFUND TRANSACTIONS/BALANCES

Individual balances due from/to other funds at June 30, 2024, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer Fund	\$ 30,421

The Sewer Utility fund owes the General fund for sewer maintenance expenditures paid by the General fund during the prior year and the current year.

NOTE 8 - CAPITAL ASSETS

The changes in capital assets for the year ended June 30, 2024 are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 99,500	\$ -	\$ -	\$ 99,500
Construction in progress	-	702,765	-	702,765
Total capital assets, not being depreciated	<u>99,500</u>	<u>702,765</u>	<u>-</u>	<u>802,265</u>
Depreciable/amortizable assets:				
Buildings	943,700	-	-	943,700
Building Improvements	63,227	19,590	8,423	74,394
Furniture & Equipment	336,034	189,920	56,648	469,306
Infrastructure	333,238	-	-	333,238
Other Improvements	318,706	-	-	318,706
Vehicles	96,608	-	2,465	94,143
Total capital assets, being depreciated/amortized	<u>2,091,513</u>	<u>209,510</u>	<u>67,536</u>	<u>2,233,487</u>
Less: accumulated depreciation				
Buildings	(583,220)	(46,910)	-	(630,130)
Building Improvements	(20,609)	(4,511)	1,158	(23,962)
Furniture & Equipment	(211,820)	(35,214)	48,077	(198,957)
Infrastructure	(81,388)	(13,330)	-	(94,718)
Other Improvements	(190,785)	(10,579)	-	(201,364)
Vehicles	(38,244)	(11,417)	2,121	(47,540)
Total accumulated depreciation/amortization	<u>(1,126,066)</u>	<u>(121,961)</u>	<u>51,356</u>	<u>(1,196,671)</u>
Depreciable/amortizable capital assets, net	<u>965,447</u>	<u>87,549</u>	<u>16,180</u>	<u>1,036,816</u>
Total capital assets, net	<u>\$ 1,064,947</u>	<u>\$ 790,314</u>	<u>\$ 16,180</u>	<u>\$ 1,839,081</u>

Depreciation/amortization expense was charged to governmental activities as follows:

General and administrative	\$ 97,214
Police department	11,417
Public works	13,330
Total	<u>\$ 121,961</u>

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

	Balance Beginning	Additions	Deletions	Ending Balance
<u>Business-type activities:</u>				
Depreciable/amortizable assets:				
Sewer System	\$ 1,834,244	\$ -	\$ -	\$ 1,834,244
Less: accumulated depreciation				
Sewer System	(1,665,902)	(52,481)	-	(1,718,383)
Business-Type Capital Assets, net	<u>\$ 168,342</u>	<u>\$ (52,481)</u>	<u>\$ -</u>	<u>\$ 115,861</u>

NOTE 9 - ACCOUNTS AND OTHER PAYABLES

The accounts and other payables at fiscal year ended June 30, 2024 are as follows:

	Governmental Activities			Business-type Activities	
Class of Payables	General	Transportation	American Rescue Plan	Sewer Utility Fund	Total
Accounts Payable	\$ 30,378	48,782	9,155	\$ 70,815	\$ 159,130
Payroll liabilities	38,868	-	-	-	38,868
Wages Payable	23,244	-	-	-	23,244
Net Total payable	<u>\$ 92,490</u>	<u>\$ 48,782</u>	<u>\$ 9,155</u>	<u>\$ 70,815</u>	<u>\$ 221,242</u>

NOTE 10 - PENSION PLAN

The Town is a participating employer in the Municipal Police Employees Retirement System (MPERS). This plan has a separate boards of trustees and administers a cost-sharing, multiple-employer defined benefit pension plan, including classes of employees with different benefits and contributions rates (sub-plans). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all sub-plans administered by this system to the State Legislature. The plan issues a public report that includes financial statements and required supplementary information. Copies of reports for MPERS may be obtained at www.lampers.org.

General Information about the Pension Plan

Plan Descriptions/Benefits Provided:

MPERS provides retirement, disability, and survivor's benefits to municipal police officers.

Membership in MPERS is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of MPERS 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 MPERS 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 death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children.

Membership Commencing January 1, 2013: A member's eligibility for regular retirement, early retirement, disability and survivor benefits are based on hazardous duty and nonhazardous sub duty plans. Under the hazardous duty sub-plan, a member is eligible for regular retirement after he/she has been a member of the Plan and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the non-hazardous duty sub-plan, a member is eligible for regular retirement after he has been a member of the Plan 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 Plan for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under 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.

Cost of Living Adjustments

MPERS's Board of Trustees are authorized by State statutes 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. A COLA may only be granted if available from interest earnings in excess of normal requirements, as determined by an actuary.

Deferred Retirement Option Plan

MPERS members are eligible to elect to enter the deferred retirement option plan (DROP) when he/she is eligible for regular retirement based on the member's plan participation. 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 benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership in the retirement plan shall resume and upon later termination, the member shall receive additional retirement benefit based on the additional service.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Initial Benefit Option Plan

In 1999, the State Legislature authorized MPERS 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 benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Employer Contributions

Each year the Louisiana Public Employee Retirement System Actuary Committee approves the contribution rates for employees and employers needed to fund 100% of the annual required contribution for both the current and unfunded portions of the net pension liability as required by state law for each state-sponsored retirement system plan. The Town pays 100% of the required annual contribution, as determined by eligible active employee wages, and contributions are funded from the same sources the related salaries are paid.

The contribution requirements of plan members and the Town are established and may be amended by state statute. According to state statute, contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to the plan was \$52,517 with the following contribution rates:

	<u>July 1, 2023 - June 30, 2024</u>	
	<u>Employee</u>	<u>Employer</u>
MPERS		
Members hired prior to 1/1/2013	10.00%	33.925%
Hazardous Duty Members hired after 1/1/2013	10.00%	33.925%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	33.925%
Members whose earnable compensation is less than poverty guidelines	7.50%	36.425%

Non-employer Contributions

MPERS receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$9,687 for MPERS was recognized as revenue during the fiscal year.

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

At June 30, 2024, the Town reported a liability of \$443,771 for its proportionate share of the MPERS Net Pension Liability (NPL). This liability will be liquidated by the General fund. The NPL was measured as of June 30, 2023, and the total pension liabilities used to calculate the NPL was determined by actuarial valuations as of that date. The Town's proportions of the NPL were based on an allocation method based on employer's contribution to the respective retirement plans during the plan year ended June 30, 2023 as compared to the total of all employers' contributions to the respective retirement plans during the plan year ended 2023.

As of June 30, 2023, the most recent measurement date, the Town's proportions and the changes in proportion from the prior measurement date were as follows:

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

<u>System</u>	<u>Town's Proportion</u>	<u>Change in Proportion</u>
MPERS	0.042004%	0.002265%

For the year ended June 30, 2024, the Town recognized a total pension expense for MPERS of \$155,876. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions as components of unrestricted net position from the following sources:

Governmental Activities:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ 31,259	\$ 186
Changes of assumptions	7,405	-
Net difference between projected and actual earnings on pension plan investments	47,908	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	45,750	417
Employer contributions subsequent to the measurement date	52,517	-
Total	<u>\$ 184,839</u>	<u>\$ 603</u>

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the plan's NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Governmental Activities:

2025	\$ 55,411
2026	26,437
2027	52,254
2028	(2,383)
Total	<u>\$ 131,719</u>

Actuarial Assumptions. The NPL was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net pension. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.75%, net of investment exp.
Inflation Rate	2.50% per annum
Mortality - Employees	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Employees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale)
Mortality - Annuitants and beneficiaries	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale)
Mortality - Disabled	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)
Termination, Disability, Retirement	2014-2019 experience study
Salary Increases	1 to 2 years of service - 12.30%, above 2 years - 4.70%
Cost of Living Adjustments	Not substantively automatic

The forecasted 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for each plan in the following table:

	Target Allocation	LT Expected Real Rate of Return
MPERS (arithmetic)		
Equity	52.00%	3.29%
Fixed Income	34.00%	1.12%
Alternative	14.00%	0.95%
Total	100.00%	5.36%
Inflation		2.54%
Expected arithmetic return		7.90%

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

Discount Rate. The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PERSAC taking into consideration the recommendation of each plan's actuary. Based on those assumptions, each plan'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 proportionate share of the NPL to changes in the discount rate. The following presents the Town's proportionate share of the NPL for all plans using the current discount rate as well as what the Town's proportionate share of the NPL 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:

	1.0% Decrease	Current Discount Rate	1.0% Increase
MPERS	\$ 624,421	\$ 443,771	\$ 292,862

Pension plan fiduciary net position. Detailed information about the plan's fiduciary net position is available in the separately issued financial report referenced above.

Payables to the Pension Plan. At June 30, 2024, the Town had \$5,791 payable to MPERS for June withholdings and employer portion.

NOTE 11 - LONG-TERM DEBT

During the year ended June 30, 2024, the following changes occurred in governmental activities long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Loan payable	\$ 505,000	\$ 172,497	\$ 99,872	\$ 577,625	\$ 125,595
Loan discounts	(4,824)	-	(1,020)	(3,804)	-
Compensated absences	111,107	37,754	27,313	121,548	27,313
Total	<u>\$ 611,283</u>	<u>\$ 210,251</u>	<u>\$ 126,165</u>	<u>\$ 695,369</u>	<u>\$ 152,908</u>

The compensated absences liability will be liquidated by the General fund. The loans payable are as follows:

- Loan of \$770,000 from the Louisiana Local Government Environmental Facilities and Community Development Authority dated February 1, 2008. This loan was for the purpose of providing funds to allow the Town to (i) finance the acquisition, construction, upgrade and/or expansion of Town owned public improvements; and (ii) any other additions, acquisitions, repairs and/or expansions needed to maintain Town owned works of public improvement and economic development. The interest rate on the loan is 6% through February 15, 2024 and 6.25% thereafter. The loan is to be paid from general revenues of the Town that are not restricted.
- Loan of \$172,497 from John Deere for the purchase of a tractor and a mower was made on April 30, 2024. The interest rate on the loan is 5.85% with quarterly payments of \$9,872 through January 30, 2029. The loan will be paid from general revenues of the Town that are not restricted.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

The loans are due as follows:

Year	Principal	Interest	Total Payment
2025	\$ 125,595	\$ 34,831	\$ 160,426
2026	132,433	27,055	159,488
2027	139,382	18,856	158,238
2028	151,448	10,228	161,676
2029	28,767	850	29,617
	<u>\$ 577,625</u>	<u>\$ 91,820</u>	<u>\$ 669,445</u>

Debt Service Reserve Requirements for loan from Louisiana Local Government Environmental Facilities and Community Development Authority:

Principal and Interest – Requirement is an amount equal to the sum of all interest payable during the loan year plus the principal installment falling due during that period. Reserve requirements were met.

Debt Service Reserve Fund – Requirement is the lesser of (i) 10% of the proceeds of the loan, (ii) 125% of the average annual debt service on the loan, (iii) 100% of the maximum annual debt service with respect to the loan. Reserve requirements were met.

NOTE 12 - CONTRACTUAL SERVICE AGREEMENT

The Town has an agreement with McLemore’s Garbage Service, a private company, to provide sanitation services to the Town. These services include residential garbage pick-up and the disposal of such waste, with fees based on the number of pick-ups per week and the size of the garbage container. The Town then charges monthly for sanitation services to individual customers.

NOTE 13 - LITIGATIONS AND CONTINGENCIES

Contingencies: The Town participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the Town’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

Litigations: Various lawsuits are pending against the Town of Richwood. Attorneys of the Town are of the opinion that any judgement rendered in favor of the plaintiff will not materially affect the financial position of the Town at June 30, 2024.

NOTE 14 - RISK MANAGEMENT The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and automobile liability for which the Town carries commercial insurance. The Town currently has commercial insurance with deductibles from \$0 to \$25,000 and coverage limits from \$1,000,000 (all except fire and extended coverage) to \$1,623,834 (fire and extended coverage). Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Town of Richwood
Notes to the Financial Statements
For the Year Ended June 30, 2024

NOTE 15 - NEW GASB STANDARDS In the current fiscal year, the Town implemented Statement No. 100 – Accounting Changes and Error Corrections – an amendment of GASB statement No. 62. This statement provides guidance to enhance accounting changes and error corrections to provide more understandable, reliable, consistent, and comparable information for making decisions or assessing accountability. The adoption of this standard had no impact on the Town’s financial statements or notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Richwood

Exhibit 1-1

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Three Years**

<u>Fiscal Year</u>	<u>Employer's Proportion of the Net Pension Liability</u>	<u>Employer's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Municipal Police Employees' Retirement System (MPERS)					
2024	0.042004%	\$ 443,771	\$ 136,651	324.75%	71.30%
2023	0.039739%	406,203	120,708	336.52%	70.80%
2022	0.038460%	205,011	120,715	169.83%	84.09%

Notes:

The amounts presented were determined as of the measurement date of June 30th of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

The Town joined the Municipal Police Employee's Retirement System in 2021.

See notes to required supplementary information for pensions.

Town of Richwood

Exhibit 1-2

**SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
Last Three Years**

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Municipal Police Employees' Retirement System (MPERS)					
2024	\$ 54,298	\$ 54,298	\$ -	160,030	33.93%
2023	43,990	43,990	-	136,651	32.19%
2022	39,600	39,600	-	120,708	32.81%

Notes:

The amounts presented were determined as of the fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

The Town joined the Municipal Police Employee's Retirement System in 2021.

See notes to required supplementary information for pensions.

Town of Richwood

Notes to Required Supplementary Information for Pensions

The following schedule provides the actuarial assumptions for Municipal Police Employee's Retirement System (MPERS) for the past three years:

Valuation Date	June 30, 2021, 2022 and 2023
Investment Rate of Return	6.75%, net of investment exp.
Inflation Rate	2.50% per annum
Mortality-Non-Disabled	Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees (base table multiplied by 115% for males and 125% for females using the full generational MP2019 scale) for healthy annuitants & beneficiaries and employees
Mortality-Disabled	Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees (base table multiplied by 105% for males and 115% for females using the full generational MP2019 scale)
Termination, Disability, Retirement	2014-2019 experience study
Salary Increases	1 to 2 years of service - 12.30%, Above 2 years - 4.70%

Town of Richwood

**Budgetary Comparison Schedules
For The Year Ended June 30, 2024**

General Fund - is the general operating fund of the Town. It accounts for all financial resources, except those required to be accounted for in other funds.

American Rescue Plan Fund - accounts for the receipt and use of the Coronavirus State & Local Fiscal Recovery Fund authorized by the American Rescue Plan Act of 2021.

TOWN OF RICHWOOD

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2024**

Exhibit 2-1

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ 2,011,959	\$ 2,011,959	\$ 2,011,959	\$ -
Resources (inflows)				
Taxes:				
Ad valorem	150,000	150,000	155,531	5,531
Sales and use	330,000	330,000	378,133	48,133
Other taxes, penalties, and interest	51,000	51,000	66,134	15,134
Licenses and permits	55,000	55,000	106,767	51,767
Intergovernmental revenues	-	-	3,043	3,043
Fees, charges and commissions for services	940,500	940,500	996,239	55,739
Use of money and property	8,500	8,500	41,097	32,597
Fines and forfeitures	85,000	85,000	36,004	(48,996)
Miscellaneous revenues	5,000	5,000	29,908	24,908
Loan proceeds	-	-	172,497	172,497
	<u>3,636,959</u>	<u>3,636,959</u>	<u>3,997,312</u>	<u>360,353</u>
Amounts available for appropriations				
Charges to appropriations (outflows)				
Current:				
General and administrative	1,233,503	1,233,503	658,389	575,114
Police department	259,717	259,717	255,641	4,076
Sanitation and health	-	-	88,662	(88,662)
Public works	271,565	271,565	237,574	33,991
Capital outlay	-	-	209,510	(209,510)
Debt service:				
Principal retirement	-	-	99,872	(99,872)
Interest and bank charges	-	-	31,338	(31,338)
	<u>1,764,785</u>	<u>1,764,785</u>	<u>1,580,986</u>	<u>183,799</u>
Total charges to appropriations				
BUDGETARY FUND BALANCES, ENDING	<u>\$ 1,872,174</u>	<u>\$ 1,872,174</u>	<u>\$ 2,416,326</u>	<u>\$ 544,152</u>

See accompanying notes to the budgetary comparison schedule.

TOWN OF RICHWOOD

**AMERICAN RESCUE PLAN
Budgetary Comparison Schedule
For the Year Ended June 30, 2024**

Exhibit 2-2

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL	BUDGETARY BASIS	WITH FINAL BUDGET
BUDGETARY FUND BALANCES, BEGINNING	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Intergovernmental revenues	1,082,140	1,082,140	562,339	(519,801)
Amounts available for appropriations	1,082,140	1,082,140	562,339	(519,801)
Charges to appropriations (outflows)				
Current:				
General and administrative	51,000	51,000	5,546	45,454
Capital outlay	1,031,140	1,031,140	556,793	474,347
Total charges to appropriations	1,082,140	1,082,140	562,339	519,801
BUDGETARY FUND BALANCES, ENDING	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the budgetary comparison schedule.

Town of Richwood

Notes to the Budgetary Comparison Schedules For the Year Ended June 30, 2024

NOTE A. BUDGET PRACTICES The Mayor is to present the proposed budget with the proposed adoption instrument to the Board no later than 15 days prior to the beginning of the fiscal year. Also, the proposed budget must be made available for public inspection no later than 15 days prior to the beginning of the fiscal year in accordance with state law. The Board is responsible for adopting the budgets in an open meeting before the end of the prior fiscal year. The current budget was not adopted until July 2023 and no budget was adopted for the special revenue – transportation fund.

Before the adoption of the budget, if the Town has total proposed expenditures of \$500,000 or more from the general fund and any special revenue fund in a fiscal year, the public must be given an opportunity to participate in the budgetary process accordance with state law. No proposed budget shall be considered for adoption or otherwise finalized until at least one public hearing has been conducted on the proposal.

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/resolution for the last validly passed budget year shall be deemed reappropriated for the several objects and purposes specified in such ordinance/resolution. This 50% limitation will continue until a budget is approved.

The Mayor is to administer and monitor the budgets and provide the Board with monthly financial statements and budget-to-actual comparisons, including any warnings of corrective actions needed. The Board is responsible for adopting amended budgets on a timely basis. The Town does not use encumbrance accounting in its accounting system. Appropriations (unexpended budget balances) lapse at year end.

All governmental funds' budgets are prepared on the modified accrual basis of accounting in accordance with GAAP.

NOTE B. BUDGET TO GAAP RECONCILIATION Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

	<u>GENERAL</u>	<u>AMERICAN RESCUE PLAN</u>
<u>Sources/inflows of resources:</u>		
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 3,997,312	\$ 562,339
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(2,011,959)	-
Loan proceeds are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(172,497)</u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures, and changes in Fund Balances - Governmental Funds	<u>1,812,856</u>	<u>562,339</u>
<u>Uses/outflows of resources:</u>		
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	1,580,986	562,339
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 1,580,986</u>	<u>\$ 562,339</u>

SUPPLEMENTARY INFORMATION

Town of Richwood

Exhibit 3

**Schedule of Compensation Paid to Alderpersons
For the Year Ended June 30, 2024**

The Town of Richwood, paid the following amounts for compensation to the members of the Board of Alderpersons:

<u>Alderperson</u>	<u>Compensation</u>
Wilbert Reed, Jr	\$ 10,200
Wysinger Cleveland	10,200
Janice Fleming	10,200
Leola Keys	10,200
Simeon Profit	10,200
Total	<u>\$ 51,000</u>

Town of Richwood

Exhibit 4

**Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2024**

Gerald Brown, Mayor

Purpose	Amount
Salary	\$ 63,000
Benefits - Dental, Vision, Insurance	345
Benefits-Medicare	914
Reimbursements	70
Conference travel	310
Total	<u><u>\$ 64,639</u></u>

Town of Richwood

Exhibit 5

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 12/31/23	Second Six Month Period Ended 06/30/24
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 126,842	\$ 141,613
Add: Collections		
Criminal Fines - Other	15,653	14,516
Subtotal Collections	142,495	156,130
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
1 Restitution Payments to Individuals (additional detail is not required)	882	1,904
Subtotal Disbursements/Retainage	882	1,904
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	\$ 141,613	\$ 154,226

Town of Richwood

Exhibit 6

Justice System Funding Schedule - Receiving Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 12/31/23	Second Six Month Period Ended 06/30/24
<i>Louisiana Department of Public Safety:</i>		
<i>Payments on behalf</i>	<u>\$ 163</u>	<u>\$ 275</u>
Total Receipts	<u><u>\$ 163</u></u>	<u><u>\$ 275</u></u>
Other Information:		
<i>Ending balance of total amounts assessed but not yet collected (civil fines)</i>	<u>\$ -</u>	<u>\$ -</u>

**OTHER REPORTS REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive

Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

Audit Managers: Amy Tynes, CPA, CFE
Margie Williamson, CPA
Jennie Henry, CPA, CFE

Supervisors: Sandra Harper, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and Board of Alderpersons
Town of Richwood
Richwood, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Richwood as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 31, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control described in the accompanying schedule of Findings and Responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2024-002.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying Schedule of Prior Year Findings and Responses and Corrective Action Plan for Current Year Findings and Responses. The Town's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP
Monroe, Louisiana
December 31, 2024

**Town of Richwood
Schedule of Findings and Responses
For the Year Ended June 30, 2024**

PART I - Summary of the Auditor's Results

Financial Statement Audit

- i. The type of audit report issued was an unmodified opinion on the governmental activities, the business-type activities, and each major fund.
- ii. There was one significant deficiency required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States of America which was considered a material weakness.
- iii. The audit disclosed one instances of noncompliance considered material to the financial statements, as defined by the *Government Auditing Standards*.

**Town of Richwood
Schedule of Findings and Responses
For the Year Ended June 30, 2024**

Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:

Reference # and title: **2024-001** **Controls over Financial Reporting**

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Sound internal controls over financial reporting require that accounting records contain accurate, complete, and up-to-date information to ensure that the financial data can be relied upon to monitor the financial condition of the Town. Financial records should be reviewed timely to supporting documentation to ensure that transactions are properly recorded and classified in the accounting records. The financial closing process should ensure that all balance sheet accounts are reconciled in a timely manner to ensure that account balances are valid, complete, and accurate.

Condition found: Internal controls were not in place or were not followed.

Our tests revealed:

- Accounting records did not include investment activity for the debt service investment accounts.
- Receivables related to sales tax revenue were not recorded at year end.
- Accounts receivable and accounts payable were not reconciled to the general ledger balance.
- Payables related to the current year were not accrued at year-end.

Context: This finding was identified when performing testing across various account balances and review of financial statements and appear to be systemic.

Possible asserted effect (cause effect):

Cause: The Town does not have an established process to ensure balances are valid, complete, and accurate.

Effect: The Town's controls over financial reporting may not identify material misstatements on a timely basis.

Recommendations to prevent future occurrences: The Town should establish quality control procedures to ensure that account balances are valid, complete, and accurate for financial reporting.

Origination date and prior year reference (if applicable): This finding originated in fiscal year June 30, 2023.

View of responsible official: See corrective action letter.

**Town of Richwood
Schedule of Findings and Responses
For the Year Ended June 30, 2024**

Part II – Findings related to the financial statements which are required to be reported in accordance with *Government Auditing Standards* generally accepted in the United States of America:

Reference # and title: **2024-002** **Local Government Budget Act**

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: In accordance with La. Revised Statute 39:1309, all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year, including the adoption of any amendments to the proposed budget, shall be taken in an open meeting and completed before the year end of the prior fiscal year.

Condition found: The Town's fiscal year end is June 30th and the budget for the fiscal year end 2024 was not adopted before June 30, 2023. The General fund and American Rescue Plan fund budgets were adopted on July 08, 2023.

Context: This finding is an isolated incident.

Possible asserted effect (cause effect):

Cause: Lack of agreement within alderpersons.

Effect: The Town did not comply with the budget act and purchases were delayed affecting government functions.

Recommendations to prevent future occurrences: The Town should have sufficient budget workshops to involve citizens, departments, and alderpersons to ensure budget adoption by year end.

Origination date and prior year reference (if applicable): This finding originated fiscal year ended June 30, 2023.

View of responsible official: See corrective action letter.

Town of Richwood

OTHER INFORMATION



Gerald Brown, Mayor

TOWN OF RICHWOOD

"An Equal Opportunity Service Provider and Employer"

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

Schedule of Prior Year Audit Findings and Responses For the Year Ended June 30, 2024

Reference # and title: **2023-001** **Controls over Financial Reporting**

Condition found: Internal controls were not in place or were not followed.

Our tests revealed:

- Accounting records did not include eight of the Town's bank accounts and bank activity for these accounts and investment activity for the debt service investment accounts.
- Monthly bank reconciliations were not performed for eight bank accounts.
- Bank reconciliations were not reviewed monthly and included reconciling items dating back to 2021.
- The depreciation schedule did not include all additions in prior years and included numerous items that should have been deleted in prior years.
- Receivables related to sales tax revenue were not recorded at year end.
- Accounts receivable and accounts payable were not reconciled to the general ledger balance.
- Payables related to the current year were not accrued at year-end.
- Wages payable and payroll related payables were not accrued at year-end. The payroll liability account was overstated.

Corrective action taken:

All accounts will be entered into QuickBooks (currently only the General Funds account is entered into QuickBooks), likely with the assistance of an accounting consultant who will assist in areas of recording sales tax receivables, payables and payroll-related payables. This will help to ensure proper reconciliation on all accounts. Will review the depreciation schedule and all necessary deletions and additions are completed. Reconciliation of the general fund account is now taking process and will continue along with other accounts as advised.

Finding not considered cleared. See current year finding 2024-001.

Reference # and title: **2023-002** **Local Government Budget Act**

Condition found: The Town's fiscal year end is June 30th and the budget for the fiscal year end 2023 was not adopted before June 30, 2022. The General fund and American Rescue Plan fund budgets were adopted on February 02, 2023. There was no budget adoption for the Transportation fund.

Corrective action taken:

The mayor will continue to present the proposed budget well in advance of June 30 to allow the board of aldermen ample time to review it. The mayor will also suggest that all elected officials as well as interested citizens attend training seminars offered by the Louisiana Municipal Association and other entities that may provide such opportunities while continuing to impress upon them the importance of meeting the state-mandated deadline for adoption.

Finding unresolved. See current year finding 2024-002.

Town of Richwood

Reference # and title: **2023-003** **Late Submission of Audit Report to Legislative Auditor**

Condition found: The Town's audit report for the fiscal year ending June 30, 2023 was not submitted by December 31, 2023

Corrective action taken:

The mayor will continue to seek out firms on the Legislative Auditors approved list that are capable of and willing to perform the town's audit in order to provide recommendations to the board of aldermen in ample time to for the audit to be completed keeping the December 31st deadline in mind.

Finding considered cleared.

Respectfully yours,

Gerald D. Brown
Mayor – Town of Richwood



Gerald Brown, Mayor

TOWN OF RICHWOOD

"An Equal Opportunity Service Provider and Employer"

2710 Martin Luther King - Richwood Louisiana 71202-7004 - Phone: (318) 325-4328 - Fax: (318) 325-0584

Corrective Action Plan for Current Year Audit Findings and Responses For the Year Ended June 30, 2024

Gerald Brown
5119 Brown Rd.
Richwood, LA 71202

December 31, 2024

RE: Management Responses to 2024 Findings

To Whom it May Concern:

2024-001 Controls over Financial Reporting

All accounts will be entered into QuickBooks with the assistance of accounting consultants who will assist in areas of recording sales taxes receivables, payables and payroll related items. Accounting records will be updated to include any investment activity for the debt service investment accounts. Receivables related to sales tax revenue were not recorded at year-end. Payables associated with the current year will be accrued periodically to be complete at year-end.

2024-002 Local Government Budget Act

The mayor will continue to present the proposed budget in advance of June 30th to allow the Board of Aldermen sufficient time to review. The mayor will also suggest that all elected officials attend training seminars offered by the Louisiana Municipal Association and/or the Louisiana Legislative Auditor's office and any other entities that may provide such opportunities while continuing to impress upon them the importance of meeting the state-mandated deadline for adoption.

Should you have further questions, please contact me directly at 318-325-4328 or mayorbrown@townofrichwood.com.

Respectfully yours,

Gerald D. Brown
Mayor – Town of Richwood



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422
Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

Audit Managers: Amy Tynes, CPA, CFE
Margie Williamson, CPA
Jennie Henry, CPA, CFE

Supervisors: Sandra Harper, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

Management Letter

To the Honorable Mayor and Town Council
Town of Richwood
Richwood, Louisiana

In planning and performing our audit of financial statements of the governmental activities, business-type activities, and each major fund of the Town of Richwood as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. As discussed below, we identified certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated December 31, 2024, on the financial statements of the Town. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

2024-M1 Minutes

Comment: The Town did not publish minutes in the official journal within twenty days of meeting date in accordance with La Revised Statue 43:144.

Recommendation: Publish all minutes in the Town's official journal and website within timeframe established by regulations.

Management's Response: The Town will establish a calendar with due dates that management wil review with applicable staff so deadlines are met.

2024-M2 **Separate account for Ad Valorem police tax**

Comment: The Town did not establish a separate account for the ad valorem police tax. Money collected from the tax was included in the Town's general fund.

Recommendation: Establish a separate account for the ad valorem police tax to ensure tax money is spent in accordance with the adopted referendum.

Management's Response: The Town will create a separate account in QuickBooks for ad valorem police taxes.

We believe that the implementation of these recommendations will provide the Town with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

Also included are management's responses to our current year management letter items. We have performed no audit procedures to verify the content of the responses.

This report is intended solely for the information and use of the Town's Board, management, others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

Allen, Green & Williamson, LLP
Monroe, Louisiana
December 31, 2024

Town of Richwood
Status of Prior Year Management Letter Items
For the Year Ended June 30, 2024

2023-M1 **Minutes**

Comment: The Town did not publish minutes in the official journal within twenty days of meeting date in accordance with La Revised Statue 43:144. The Town did not post Board minutes on its website within ten days of publication in accordance with La Revised Statute 42:20 B(2). The most recent Board minutes on the Town's website is from May 18, 2023.

Recommendation: Publish all minutes in the Town's official journal and website within timeframe established by regulations.

Management's Response: Administration staff responsible for sending minutes to the town's official journal and for posting minutes to town's website will ensure that all minutes requirements are met. The mayor will review and log a monthly report

2023-M2 **Separate fund for Ad Valorem police tax**

Comment: The Town did not establish a separate fund for the ad valorem police tax. Money collected from the tax was included in the Town's general fund.

Recommendation: Establish a separate fund for the ad valorem police tax to ensure tax money is spent in accordance with the adopted referendum.

Management's Response: Management will ensure that a documented reporting of ad valorem tax funds allocated for police and recreation is created to show clearly how those funds are spent.

**Town of Richwood
Status of Prior Year Management Letter Items
For the Year Ended June 30, 2024**

AGREED-UPON PROCEDURES



ALLEN, GREEN & WILLIAMSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 6075

Monroe, LA 71211-6075

2441 Tower Drive
Monroe, LA 71201

Telephone: (318) 388-4422

Fax: (318) 388-4664

Toll-free: (888) 741-0205

Partners: Tim Green, CPA
Aimee Buchanan, CPA

Principal: Cindy Thomason, CPA

Audit Managers: Amy Tynes, CPA, CFE
Margie Williamson, CPA
Jennie Henry, CPA, CFE

Supervisors: Sandra Harper, CPA

Ernest L. Allen, CPA
(Retired) 1963 - 2000

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

To the Honorable Gerald Brown and
Members of the Board of Alderpersons
Town of Richwood
Richwood, Louisiana

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 year ended June 30, 2024. Town of Richwood's 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 year ended June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

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

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

Comment: The Town's purchasing policy does not address how vendors are added to the vendor list. The Town's sexual harassment policy does not include annual employee training or annual reporting. The Town did not have written policies or procedures for Credit Cards, Debt Service, or Information Technology Disaster Recovery/Business Continuity.

Management's Response: The Town will establish policy as to how vendors are added to vendor list. The Town will establish a sexual harassment policy reporting for annual employee sexual harassment training and annual reporting. The Town will establish written policy for Credit Cards, Debt Service, or Information Technology Disaster Recovery/Business Continuity.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. 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.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include 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
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Comment: There were four exceptions noted where the bank reconciliations were not prepared within 2

months of statement closing date and four exceptions noted where the bank reconciliations did not include evidence of review.

Management's Response: Bank Reconciliations will be reviewed monthly by management to ensure preparation and evidence of review have been conducted.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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:
 - i. Employees responsible for cash collections do not share cash drawers/registers.
 - ii. 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.
 - iii. 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.
 - v. 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.
- C. 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.
- D. 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:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the

deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

Comment: There were two exceptions noted where deposits over \$100 was not made within one business day of receipt and one exception noted where deposit under \$100 was not deposited within one week of receipt.

Management's Response: The Town will begin to make daily deposits when applicable.

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5)
- B. For each location selected under #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:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[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.]

- C. 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:
 - i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliation

procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those person authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does not include electronic disbursements.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and 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.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [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.]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (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.

Comment: There were five exceptions noted where the original itemized receipt was not provided.

Management's Response: The Town will establish policy requiring original itemized receipts to be provided.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe 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).
 - ii. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iv. 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).
 - iv. Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Comment: There were five exceptions noted where no documentation of business/public purpose was provided.

Management's Response: Management will ensure that complete documentation of specific business purpose(s) is documented.

8) Contracts

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

related payment agreed to the terms and conditions of the contract.

Comment: There were two exceptions noted for one contract where the contract was not approved by the Board and no invoice was provided for payment.

Management's Response: Independent Contractor contract will be brought before the Board of Aldermen for approval and management will require invoices for monthly payments.

9) Payroll and Personnel

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

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and

Personnel” above, obtain ethics documentation from management, and:

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period
 - ii. 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.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

11) Debt Service

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

Comment: No exceptions were noted as a result of applying the agreed upon procedures.

12) Fraud Notice

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

Comment: There was one exception noted where the fraud notice was not posted on the Town’s premises.

Management’s Response: The Town will ensure fraud notice is posted on the premises.

13) Information Technology Disaster Recovery/Business Continuity

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

Comment: There were two exceptions noted where the computers did not have current and active antivirus software.

Management’s Response: The town is working with IT department to have necessary software updates made to include antivirus updates.

14) Prevention of Sexual Harassment

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

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Comment: One exception noted where no annual sexual harassment report was completed.

Management's Response: Management will ensure that sexual harassment policy and complaint procedure is either posted on the town's website or posted on the town's premises in a conspicuous location. Management will ensure that an annual sexual harassment report be completed by 12/31.

We were engaged by the Town of Richwood 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.

Allen, Green & Williamson, LLP

Allen, Green & Williamson, LLP
Monroe, Louisiana
December 31, 2024