

TOWN OF CLINTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2022

**TOWN OF CLINTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECMEBER 31, 2022
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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, of the Town of Clinton, Louisiana, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Clinton's ability to continue as a going concern for twelve

months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the Town's Proportionate Share of Net Pension Liability, and Schedule of the Town's Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my

audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

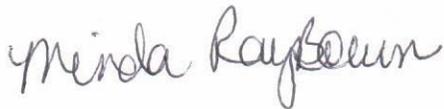
Supplementary Information

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

The schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to agency head, and the justice system funding schedule-collecting/disbursing entity were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 14, 2023, on my consideration of the Town of Clinton’s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Clinton’s internal control over financial reporting and compliance.



Minda Raybourn CPA
Franklinton, LA
June 14, 2023

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2022**

<u>ASSETS</u>	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,233,172	\$ 42,876	\$ 1,276,048
Investments	500,000	-	500,000
Receivables, net	462,005	69,234	531,239
Due from other funds	28,039	-	28,039
Prepaid expenses	22,336	9,792	32,128
Restricted assets:			
Cash and cash equivalents	523,623	25,305	548,928
Capital assets, net of depreciation	1,811,882	1,772,705	3,584,587
Total Assets	4,581,057	1,919,912	6,500,969
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	120,570	34,090	154,660
Total deferred outflows of resources	120,570	34,090	154,660
 <u>LIABILITIES</u>			
Accounts payable	12,470	72,078	84,548
Payroll related payables	36,456	-	36,456
Accrued benefits	5,253	-	5,253
Accrued wages	2,569	543	3,112
Unearned revenues	568,573	-	568,573
Due to other funds	-	28,039	28,039
Payables from restricted assets:			
Customer deposits	-	26,503	26,503
Net pension liability	351,883	151,283	503,166
Total Liabilities	977,204	278,446	1,255,650
 <u>DEFERRED INFLOWS RESOURCES</u>			
Pension related	53,508	23,888	77,396
	53,508	23,888	77,396
 <u>NET POSITION</u>			
Net investment in capital assets	1,811,882	1,772,705	3,584,587
Restricted for:			
Streets and sidewalks	523,623	-	523,623
Unrestricted	1,335,410	(121,037)	1,214,373
Total Net Position	\$ 3,670,915	\$ 1,651,668	\$ 5,322,583

The accompanying notes are an integral part of the financial statements

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net Revenues (Expenses)</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities							
General government	\$ 339,296		\$ 4,582	\$ 82,759	\$ (251,955)	\$ -	\$ (251,955)
Public safety-Police	556,725	154,056	4,980	-	(397,689)	-	(397,689)
Public safety-Fire	11,625		98,208	-	86,583	-	86,583
Public Works	262,153	6,060	1,686	-	(254,407)	-	(254,407)
Interest on capital leases		-	-	-	-	-	-
Interest on long-term debt		-	-	-	-	-	-
Total Governmental Activities	1,169,799	160,116	109,456	82,759	(817,468)	-	(817,468)
Business-type Activities							
Gas services	502,836	312,645	1,405	-	-	(188,786)	(188,786)
Sewer services	209,101	180,386	1,406	-	-	(27,309)	(27,309)
Total Business-type Activities	711,937	493,031	2,811	-	-	(216,095)	(216,095)
	-						
Total Primary Government	1,881,736	653,147	112,267	82,759	(817,468)	(216,095)	(1,033,563)
General Revenues and Transfers							
					119,870	-	119,870
					119,162	-	119,162
					738,523	-	738,523
					461,930	-	461,930
					4,096	-	4,096
					26,400		26,400
					3,390		3,390
					-	-	-
					88,160	-	88,160
					(65,650)	65,650	-
Total General Revenues and Transfers					1,495,881	65,650	1,561,531
					678,413	(150,445)	527,968
					2,992,502	1,802,113	4,794,615
					\$ 3,670,915	\$ 1,651,668	\$ 5,322,583

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

FUND FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	<u>General</u>	<u>Street and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,233,172	\$ -	\$ 1,233,172
Investments	500,000	-	500,000
Receivables, net:			
Franchise fees	28,501	-	28,501
Property taxes	348,053	-	348,053
Sales taxes	31,563	51,966	83,529
Other taxes	1,922	-	1,922
Due from other governmental agencies		-	-
Due from other funds		141,952	141,952
Prepaid expenses	19,800	2,536	22,336
Restricted assets:			
Cash and cash equivalents	-	523,624	523,624
Investments	-	-	-
	2,163,011	720,078	2,883,089
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	9,383	3,087	12,470
Payroll liabilities	36,456	-	36,456
Accrued benefits	5,253	-	5,253
Accrued wages	2,298	271	2,569
Unearned revenues	568,573	-	568,573
Due to other funds	113,913	-	113,913
	735,876	3,358	739,234
Deferred Inflows of Resources			
Property taxes	70,398	-	70,398
	70,398	-	70,398
Fund Balances			
Nonspendable	19,800	2,536	22,336
Assigned to:			
Public Safety	11,315	-	11,315
Restricted for:			
Streets and sidewalks	-	714,184	714,184
Public safety	8,699	-	8,699
Unassigned	1,316,923	-	1,316,923
	1,356,737	716,720	2,073,457
Total Fund Balances			
	2,163,011	720,078	2,883,089
TOTAL LIABILITIES AND FUND BALANCES			

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

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2022**

Total Fund Balances - Total Governmental Funds	\$	2,073,457
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheets. This is the capital assets, nets of accumulated depreciation, reported on the Statement of Net Position.		1,811,882
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Some of the Town's ad valorem taxes will be collected after year-end but are not available soon enough to pay for the current period expenditure, and therefore, are deferred in the funds.		70,398
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Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.		-
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Long-term liabilities of governmental activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet. These are the long-term liabilities of the governmental activities:		
Bonds		-
Net pension liability		(351,883)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows of resources related to pensions		120,570
Deferred inflows of resources related to pensions		(53,508)

Total Net Position of Governmental Activities	\$	<u>3,670,916</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

<u>REVENUES</u>	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
Fines and other costs	\$ 154,056	\$ -	\$ 154,056
Franchise fees	119,162	-	119,162
Interest	3,390	-	3,390
Intergovernmental revenues	26,400	-	26,400
Licenses and permits	119,870	-	119,870
Other revenues	88,160	6,060	94,220
Taxes - beer	4,096	-	4,096
Taxes - property	668,126	-	668,126
Taxes - sales	174,548	287,382	461,930
Total Revenues	1,357,808	293,442	1,651,250
 <u>EXPENDITURES</u>			
General government	338,555	-	338,555
Public safety:			
Police	546,791	-	546,791
Fire	11,231	-	11,231
Public works		171,143	171,143
Debt Service:			
Lease Principal	-	-	-
Lease Interest	-	-	-
Principal	97,000	-	97,000
Interest	394	-	394
Capital outlay	24,100	-	24,100
Total Expenditures	1,018,071	171,143	1,189,214
 Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)			
	339,737	122,299	462,036
 <u>OTHER FINANCING SOURCES (USES)</u>			
Grants and other contributions	180,967	-	180,967
Sale of capital assets		-	-
Operating transfers, net	(65,650)	-	(65,650)
Net Other Financing Sources (Uses)	115,317	-	115,317
 Change in Fund Balances			
	455,054	122,299	577,353
Fund Balances, beginning	901,683	594,421	1,496,104
Fund Balances, ending	\$ 1,356,737	\$ 716,720	\$ 2,073,457

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

**TOWN OF CLINTON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Net Change in Fund Balances - Total Governmental Funds \$ 577,353

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

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

Capital outlays recorded as expenditures in governmental	24,100
Depreciation not reported in governmental funds	(131,720)

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

70,398

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

30,034

Non employer contributions to cost sharing pension plan

11,248

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

This is the change in long-term obligations during the year:

Prinipal payments on bonds	97,000
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Change in Net Position of Governmental Activities	\$ 678,413
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The accompanying notes are an integral part of the financial statements.

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

<u>ASSETS</u>	<u>Enterprise Funds</u> <u>Utility</u>
Current Assets	
Cash and cash equivalents	\$ 42,876
Receivables, net	63,900
Unbilled receivables	5,334
Grant receivable	-
Prepaid expenses	9,792
Total Current Assets	121,902
Restricted Assets	
Cash and cash equivalents	25,305
Total Restricted Assets	25,305
Capital Assets	
Land	11,970
Buildings	150,546
Equipment	104,934
Vehicles	44,432
Gas system	1,662,711
Sewer system	3,955,288
Less: Accumulated depreciation	(4,157,176)
Net Capital Assets	1,772,705
Total Assets	1,919,912
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	\$ 34,090
<u>LIABILITIES</u>	
Current Liabilities	
Payable from current assets:	
Accounts Payable	\$ 72,078
Accrued wages	543
Compensated absences	-
Due to other funds	28,039
Total Current Liabilities, Payable from Current Assets	100,660
Payable from restricted assets:	
Customer deposits	26,503
Total Current Liabilities, Payable from Restricted Assets	26,503
Total Current Liabilities	127,163
Long-term Liabilities	
Net pension liability	151,283
Total Liabilities	278,446
<u>DEFERRED INFLOWS OF RESOURCES</u>	23,888
<u>NET POSITION</u>	
Net investment in capital assets	1,772,705
Restricted for customer deposits	-
Restricted for grant activity	-
Unrestricted	(121,037)
Total Net Position	\$ 1,651,668

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

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022

	Enterprise Funds
	<u>Utility</u>
<u>OPERATING REVENUES</u>	
Gas sales and service	\$ 307,579
Sewer sales and service	180,386
Intergovernmental	2,811
Late fees/penalties	5,066
Total Operating Revenues	495,842
<u>OPERATING EXPENSES</u>	
Cost of Gas Sold	304,318
Bad Debts	2,199
Depreciation	98,253
Employee Benefits	16,461
Insurance	32,230
Gas System Expense	46,751
Professional Fees	8,100
Waste Water System	49,741
Repairs and Maintenance	6,928
Salaries and Wages	88,033
Payroll Taxes	9,931
Supplies	10,218
Telephone & Internet	5,036
Vehicle Fuel	5,898
Utilities	13,143
Other	14,697
Total Operating Expenses	711,937
Operating Income (Loss)	(216,095)
<u>NON-OPERATING REVENUES (EXPENSES)</u>	
Grants and other contributions	-
Interest income	-
Other revenues	-
Operating transfers, net	65,650
Total Non-Operating Revenues (Expenses)	65,650
Change in Net Position	(150,445)
Total Net Position, beginning	1,802,113
Total Net Position, ending	\$ 1,651,668

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

**TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	<u>Enterprise Fund:</u> <u>Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 467,877
Cash received from meter deposits	1,240
Cash paid to employees for services	(121,106)
Cash paid to suppliers for goods and services	<u>(414,565)</u>
Net Cash Provided by (Used for) Operating Activities	(66,554)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments made to/from other funds	-
Operating transfers	<u>65,650</u>
Net Cash Used for Non-Capital Financing Activities	65,650
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	-
Cash received from grantors	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>-</u>
Net Cash Provided by Investing Activities	-
Increase/Decrease in Cash and Cash Equivalents	(904)
Cash and Cash Equivalents, beginning	<u>69,085</u>
Cash and Cash Equivalents, ending	<u><u>68,181</u></u>
CASH PRESENTATION OF STATEMENTS OF NET ASSETS:	
Current Assets: Cash and cash equivalents	42,876
Restricted Assets: Cash and cash equivalents	<u>25,305</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 68,181</u></u>

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

Continued

**TOWN OF CLINTON, LOUISIANA
 CHANGES IN FUND NET POSITION
 COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income/(loss)	\$ (216,095)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	98,253
(Increase) decrease in assets:	
Accounts receivable	(19,556)
Grants receivable	-
Prepaid expenses	(158)
Increase (decrease) in liabilities:	
Accounts payable	33,368
Accrued Wages	109
Due to/from other funds	177,994
Deferred Inflows-Outflows-Pensions	(32,986)
Customer deposits	1,240
Net pension liability and related resources	<u>24,385</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 66,554</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

INTRODUCTION

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

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

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

The Town is situated in the northwest part of East Feliciana Parish. It is approximately 2.0 square miles in size with a population of approximately 1,340 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing about 425 gas and 695 sewer customers through its utility department and employs 16 persons.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of certain significant accounting policies:

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

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

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

TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

Eliminating Internal Activity

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

Capitalizing Assets

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

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

Program Revenues

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

Direct/Indirect Expenses

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Operating Revenues

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

Restricted Net Position

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

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

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

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

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

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

Proprietary funds include:

1. Enterprise Funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where: the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

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

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

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

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
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Buildings	40 years	Vehicles	7-10 years
Equipment	4-10 years	Infrastructure	20-50 years
Office furniture	5-7 years		

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

Compensated Absences: Employees of the Town earn annual leave at varying rates according to years of service. Effective for the year ending December 31, 2022, accrued leave earned by an employee is not carried forward to the succeeding calendar year. Beginning January 1, 2022, sick leave will be granted on a calendar year basis. Sick leave is 10 days per year and is non-cumulative except when funding hours for major medical leave. Funding for major medical leave is to be granted upon approval of the Mayor. Any sick leave is provided in a calendar year that is not utilized by an employee may be banked up to 120 hours, which then can only be utilized for major medical leave. Vacation leave is non-cumulative. All fulltime hourly employees shall be eligible for vacation after one-year of service with the Town. Unused vacation days are paid at the employee's current rate of pay upon termination or resignation. Vacation leave is granted depending on the length of the employment with the Town: 1) 1-2 years employment – 5 days; 2) 3-5 years employment – 10 days; and 3) Over 5 years of employment – 15 days.

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

Equity Classifications:

Government-wide Statements:

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

Net Investment in Capital Assets

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

Restricted

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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Unrestricted

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

Fund Financial Statements:

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

Non-spendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

Sales Taxes: The Town receives 7.5327% of a one percent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose for operating the Town. The Town recognized \$207,467 of sales tax revenue during the year ended December 31, 2022.

The Town receives 12.4021% of a one percent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. The proceeds are restricted to the street maintenance and repairs for the Town. The Town recognized \$340,865 of sales tax revenue during the year ended December 31, 2022.

Property Taxes: Ad valorem taxes authorized and levied for the year were 6.65 mills. These funds are received by the general fund and are not dedicated. Total assessed value of property within the Town is approximately \$117,004,257. The total assessed value of the property taxes was \$779,067. The Town recognized \$738,523 in property taxes for the year ended December 31, 2022.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

NOTE 2 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) at December 31, 2022, are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Demand Deposits	\$ 1,756,795	\$ 68,181
Certificate of Deposit	500,000	-
Total	\$ 2,256,795	\$ 68,181

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

At December 31, 2022, the Town had \$2,356,556 in deposits (collected balances). The town has accounts at two banks. The collected balances were: 1) Landmark Bank, \$2,232,259 and 2) Feliciana Bank and Trust, \$124,297. These funds at Landmark Bank are secured through the Federal Deposit Insurance Corporation (FDIC) and collateral pledged by the bank. Feliciana Bank and Trust funds are secured through coverage through the FDIC.

NOTE 3 - RECEIVABLES

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

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<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 116,930	\$ 116,930
Other	550	-	-	550
Taxes:				
Franchise	28,501	-	-	28,501
Beer tax	1,372	-	-	1,372
Property	348,053	-	-	348,053
Sales	31,563	51,966	-	83,529
Sub-total	409,489	51,966	-	461,455
Less: Allowance for doubtful	-	-	(47,696)	(47,696)
Net	410,039	51,966	69,234	531,239

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2022, unbilled receivables were \$4,070. This amount is included in the table above.

An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2022, the allowance was estimated to be \$47,696 in the Enterprise Fund.

NOTE 4 - CAPITAL ASSETS

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

TOWN OF CLINTON, LOUISIANA
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	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Capital Assets, being depreciated				
Buildings and improvements	978,862	-	-	978,862
Less: accumulated depreciation	393,254	28,573	-	421,827
Net Building and Improvements	585,608	(28,573)	-	557,035
Infrastructure	2,424,979	-	-	2,424,979
Less: accumulated depreciation	1,180,163	89,814	-	1,269,977
Net Sidewalks/Drainage	1,244,816	(89,814)	-	1,155,002
Equipment	432,778	12,100	-	444,878
Less: accumulated depreciation	346,307	10,931	-	357,238
Net Equipment	86,471	1,169	-	87,640
Vehicles	436,241	12,000	-	448,241
Less: accumulated depreciation	436,241	2,000	-	438,241
Net Vehicles	-	10,000	-	10,000
Office furniture	10,830	-	-	10,830
Less: accumulated depreciation	9,224	401	-	9,625
Net Office furniture	1,606	(401)	-	1,205
Total Capital Assets, being depreciated, net	1,918,501	(107,619)	-	1,810,882
Capital Assets, net	\$ 1,919,501	\$ (107,619)	\$ -	\$ 1,811,882

Depreciation expense was charged to governmental functions as follows:

General government	\$ 18,328
Public Safety	18,281
Public Works	95,112
Total	<u>\$ 131,721</u>

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Beginning Balance	Additions	Deductions	Ending Balance
Business Activities				-
Capital Assets, not being depreciated				-
Land	\$ 11,970	\$ -	\$ -	11,970
				-
Capital Assets, being depreciated				-
Buildings and improvements	150,547	-	-	150,547
Less: accumulated depreciation	108,005	5,576	-	113,581
Net Building and Improvements	42,542	(5,576)	-	36,966
				-
Equipment	104,933	-	-	104,933
Less: accumulated depreciation	104,933	-	-	104,933
Net Equipment	-	-	-	-
				-
Vehicles	44,431	-	-	44,431
Less: accumulated depreciation	30,597	3,693	-	34,290
Net Vehicles	13,834	(3,693)	-	10,141
				-
Gas system	1,662,710	-	-	1,662,710
Less: accumulated depreciation	1,431,597	41,295	-	1,472,892
Net Gas system	231,113	(41,295)	-	189,818
				-
Sewer system	3,955,293	-	-	3,955,293
Less: accumulated depreciation	2,383,793	47,690	-	2,431,483
Net Sewer system	1,571,500	(47,690)	-	1,523,810
				-
Total Capital Assets, being depreciated, net	1,858,989	(98,254)	-	1,760,735
				-
Capital Assets, net	\$ 1,870,959	\$ (98,254)	\$ -	\$ 1,772,705

Depreciation expense was charged to enterprise functions as follows:

Gas	\$ 45,930
Sewer	52,324
Total	<u>\$ 98,254</u>

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

In the governmental fund activities, the Town purchased a truck for \$12,000 and equipment for \$12,100.

NOTE 5 – INTER-FUND TRANSACTIONS

Amounts receivables and payable between funds at December 31, 2022, are as follows:

	Receivable	Payable
General Fund		
Sales tax fund	\$ -	\$ (113,913)
Enterprise fund	-	-
Special Revenue Fund		
General fund	113,913	-
Enterprise fund	28,038	-
Enterprise Fund		
General fund	-	-
Sales tax fund	-	(28,038)
Total	\$ 141,951	\$ (141,951)

NOTE 6 – RESTRICTED ACCOUNTS

The following is a listing of the restricted assets for the fund financial statements on December 31, 2022:

	Governmental Activities	Business-type Activities
Demand deposits		
Customer deposits	\$ -	\$ 25,305
Sales tax fund	523,623	-
	\$ 523,623	\$ 25,305

NOTE 7 - ACCOUNTS AND OTHER PAYABLES

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Fund	Sales Tax Fund	Enterprise Fund	Total
Accounts	\$ 9,383	\$ 3,087	\$ 72,078	\$ 84,548
Interest	-	-	-	-
Payroll liabilities	36,456	-	-	36,456
Unearned revenues	568,573	-	-	568,573
Accrued benefits	5,253	-	-	5,253
Accrued wages	2,298	271	543	3,112
Customer deposits	-	-	28,039	28,039
Total	<u>\$ 621,963</u>	<u>\$ 3,358</u>	<u>\$ 100,660</u>	<u>\$ 725,981</u>

The U.S. House of Representatives on March 10, 2022, passed the Senate-amended H.R. 1319, the American Rescue Plan (ARP). The ARP provides \$1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). This follows the enactment of nearly \$4 trillion in COVID relief in 2020. ARP includes provisions on aid to state and local governments, hard-hit industries and communities, tax changes affecting individuals and business, and other provisions. The latest COVID relief legislation was enacted as part of Congress' fiscal year (FY) 2022 budget, and includes provisions impacting a wide variety of stakeholders. On September 13, 2022, the Town received \$278,212 in ARP funding. The Town has used \$27,850 of the funds as of December 31, 2022. The unearned revenue liability is \$528,573.

During December 31, 2022 the Town received \$40,000 from the Irene W. and C.B. Pennington Foundation for the purchase of a police vehicle. At the end of the year, the Town had ordered a vehicle but it was not received or paid. The funds are deferred as unearned revenues.

NOTE 8 – LONG TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2022:

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

	Governmental Activities			Business-Type Activities			Total Obligations
	Current Portion	Long Term Portion	Total	Current Portion	Long Term Portion	Total	
Limited Tax Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability	-	351,883	351,883	-	151,283	151,283	503,166
Ending Balance	<u>\$ -</u>	<u>\$ 351,883</u>	<u>\$ 351,883</u>	<u>\$ -</u>	<u>\$ 151,283</u>	<u>\$ 151,283</u>	<u>\$ 503,166</u>

Bonds payable as of December 31, 2022 were paid in full.

NOTE 9 - RETIREMENT SYSTEM

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

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

A. Municipal Employee Retirement System of Louisiana (System)

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

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

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

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

Retirement Benefits:

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

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

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

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

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

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

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

Survivor Benefits:

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

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

DROP Benefits:

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

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary

**TOWN OF CLINTON, LOUISIANA
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or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

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

Cost of Living Increases:

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

Deferred Benefits:

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

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

Funding Policy. Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Clinton is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2022. During the year ending December 31, 2022, the Town recognized revenue as a result of support received from non-employer contributing entities of \$9,079 for its participation in MERS-Plan B.

The Town of Clinton contributions to the System under Plan B for the years ending December 31, 2022 and 2021 were \$35,911, and \$38,479 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2022, the Town reported a liability of \$274,321 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net

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pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2022, the Town's proportion was 0.312444%, which was a decrease of 0.0251287%, from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense for the MERS System of \$6,762.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (3,491)
Changes of Assumptions	2,933	-
Net difference between projected and actual earnings on pension plan investments	50,451	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	(4,135)	(17,417)
Employer contributions subsequent to the measurement date	16,563	-
Total	\$ 65,812	\$ (20,908)

The Town reported a total of \$16,563 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in net pension liability in the year ended December 31, 2023.

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

<u>Year</u>	
2023	\$ (2,039)
2024	924
2025	5,439
2026	22,628
	\$ 26,953

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

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	3 years (Plan B)
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Investment Rate of Return	6.85%, net of investment expense
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**TOWN OF CLINTON, LOUISIANA
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Inflation Rate	2.5%	
Salary Increases, including Inflation and merit increases:		
-1-4 years of service	6.4%	
-More than 4 years of service	4.5%	
 Annuitant and beneficiary mortality		PubG-2010 (B) Healthy Retiree Table set equal to 120% for males and females, Each adjusted using their respective male and female MP2018 scales.
 Employee mortality		PubG-2010 (B) Employee Table set equal to 120% for males and females, Each adjusted using their respective male and female MP2018 scales.
 Disabled lives mortality		PubG-2010 (B) Disabled Retiree Table set equal to 120% for males and females, Each adjusted using their respective male and female MP2018 scales.

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
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projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.850%	6.850%	7.850%
Town of Clinton Share of NPL	\$ 373,951	\$ 274,321	\$ 190,057

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

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

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

Retirement Benefits:

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

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

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

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

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

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

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

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

Cost of Living Adjustments:

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

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

Deferred Retirement Option Plan:

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

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a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan:

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

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

Funding Policy. According to state statute, the Town of Clinton is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2022, total contributions due for employers and employees were 39.75% (Hazardous Duty members) and 37.75% (Nonhazardous Duty members). The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.75% and 10.00%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 29.75% and 8%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2022. During the year ending December 31, 2022, the Town recognized revenue as a result of support received from non-employer contributing entities of \$4,980 for its participation in MPERS.

The Town of Clinton contributions to the System for the years ending December 31, 2022 and 2021 were \$21,931 and \$15,750 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At December 31, 2022, the Town reported a liability of \$228,845 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2022, the Town's proportion was 0.022388% which was an increase of 0.007140% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Town recognized pension expense for the MPERS System of \$13,585 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

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

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,129	\$ (1,865)
Changes of Assumptions	7,894	(1,702)
Net difference between projected and actual earnings on pension plan investments	40,856	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	27,496	(52,921)
Employer contributions subsequent to the measurement date	11,473	-
Total	\$ 88,848	\$ (56,488)

The Town reported a total of \$11,473 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in net pension liability in the year ended December 31, 2023.

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

<u>Year</u>	
2023	\$ (18,906)
2024	9,878
2025	11,764
2026	21,432
	\$ 24,168

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 is as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%

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

**TOWN OF CLINTON, LOUISIANA
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Mortality

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

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

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

Cost of Living Adjustments

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

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternatives	14.00%	0.95%
Other	0.00%	0.00%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Rate		8.06%

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

**TOWN OF CLINTON, LOUISIANA
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term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2022:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	5.750%	6.750%	7.750%
Town of Clinton Share of NPL	\$ 32,339	\$ 228,845	\$ 152,417

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

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

NOTE 11 – FUND BALANCES AND NET POSITION

As of December 31, 2022, the general fund had nonspendable fund balance of \$19,800 due to prepaid insurance. The amount of restricted fund balance in the general fund is \$8,699 due to the narcotics fund. The amount assigned for the special court account was \$11,315. The unassigned fund balance in the general fund is \$1,316,923. The sales tax fund, a special revenue fund, had a fund balance restricted for streets and sidewalks for \$714,184.

The enterprise fund had restricted net position related to customer deposits of \$0. The enterprise fund had unrestricted net position of (\$121,037). The amount of net position in capital assets is \$1,772,705. The unrestricted net position is negative mainly due to the effects of the GASB 68 pension accounting standards. To reduce the negative net position, the Town plans to reduce expenditures and realign operations to run more efficiently and economically.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The governmental activities and business-type activities were restated for December 31, 2021 for adjustments for interfund accounts. The net effect is as follows:

**TOWN OF CLINTON, LOUISIANA
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	Governmental Activities	Business-type Activities	Total
Net Position	\$ 3,032,995	\$ 1,716,626	\$ 4,749,621
Adjustment for due to/from	(40,493)	40,493	-
Net position restated	\$ 2,992,502	\$ 1,757,119	\$ 4,749,621

NOTE 13 - FIRE PROTECTION

Fire protection for the Town is provided by the Clinton Fire Department with funds received primarily through the Parish-wide Fire Protection District of East Feliciana Parish. This is a legally separate governmental agency that issues its own audited financial statements. The District reimburses the town each year for the bond issue described in Note 7. For December 2022, the town received \$98,208 from the District. The bonds were paid in full for the year ended December 31, 2022.

NOTE 14 - RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

NOTE 16 - LITIGATION AND CLAIMS

There are currently two litigation cases pending:

- 1) A suit filed in the 20th Judicial Court for the Parish of East Feliciana entitled “Charlie Brown v. Town of Clinton, Number 46076, Division B. The Town of Clinton’s liability insurer is handling the representation of this lawsuit. The lawsuit is based on the question of whether Mr. Brown is entitled to vacation pay when he retired. The matter is in dispute.
- 2) A suit was filed in the 20th Judicial Court for the Parish of East Feliciana entitled “Tristan A. Stokes vs. Charles E Brown, the Town of Clinton Police Department, and the Town of Clinton Louisiana”, Number 46,719, Division A. The lawsuit is regarding a vehicle crash. The matter is in dispute.

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

The Town had two IRS liens filed for past due penalties and taxes. One lien is for \$28,500.28 (instrument number 24093) and the other lien is for \$4,704.75 (instrument number 240694). A liability has been recorded on the Town’s financial statement as of December 31, 2022 for these amounts.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
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NOTE 17 – ON-BEHALF PAYMENTS

For the fiscal year ended December 31, 2022, the State of Louisiana made on-behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$26,400 of on-behalf payments as revenue and as an expenditure in the General Fund.

NOTE 18 – TRANSFER OF WATER SYSTEM

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

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

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

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

Sewer charges for the fiscal year ended December 31, 2022 were \$209,101. Total sewer customer payments remitted to the Town were \$173,034.

**TOWN OF CLINTON, LOUISIANA
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NOTE 19 – COVID 19

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which has spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The outbreak could have a continued material adverse impact on economic and market conditions. There continues to be no prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Town and its financial results.

NOTE 20 - SUBSEQUENT EVENTS

There were no events subsequent to year-end through June 14, 2023, the date on which the accompanying financial statements were available, that would have a significant impact on the accompanying financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2022**

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES								
Fines and other court costs	\$ 213,337	\$ 158,655	\$ 154,056	\$ (4,599)	\$ -	\$ -	\$ -	\$ -
Franchise fees	124,351	144,545	119,162	(25,383)	-	-	-	-
Interest earned	401	4,051	3,390	(661)	-	-	-	-
Intergovernmental	-	-	26,400	26,400	-	-	-	-
Licenses and permits	62,963	62,363	119,870	57,507	-	-	-	-
Other revenues	140,280	160,141	88,160	(71,981)	1,320	1,320	6,060	4,740
Taxes-beer	4,551	4,479	4,096	(383)	-	-	-	-
Taxes-property	134,331	499,436	668,126	168,690	-	-	-	-
Taxes-sales	169,332	172,696	174,548	1,852	258,705	283,472	287,382	3,910
Total Revenues	849,546	1,206,366	1,357,808	151,442	260,025	284,792	293,442	8,650
EXPENDITURES								
General government	243,775	324,966	338,555	(13,589)	-	-	-	-
Public safety:								
Police	465,954	489,025	546,791	(57,766)	-	-	-	-
Fire	9,705	11,805	11,231	574	-	-	-	-
Public works	-	-	-	-	144,191	161,118	171,143	(10,025)
Debt service	-	-	97,394	(97,394)	-	-	-	-
Capital outlay	100,000	100,000	24,100	75,900	-	-	-	-
Total Expenditures	\$ 819,434	\$ 925,796	\$ 1,018,071	\$ (92,275)	\$ 144,191	\$ 161,118	\$ 171,143	\$ (10,025)

See Independent Auditor's Report

Continued

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
Excess of Revenues over Expenditures Before Other Financing Sources (Uses)	\$ 30,112	\$ 280,570	\$ 339,737	\$ 59,167	\$ 115,834	\$ 123,674	\$ 122,299	\$ (1,375)
<u>OTHER FINANCING SOURCES (USES)</u>								
Grants and other contributions	-	-	180,967	180,967	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Operating transfers, net	(6,000)	(6,000)	(65,650)	-	-	-	-	-
Net Other Financing Sources (Uses)	(6,000)	(6,000)	115,317	180,967	-	-	-	-
Change in Fund Balances	24,112	274,570	455,054	240,134	115,834	123,674	122,299	(1,375)
Fund Balances, beginning	901,683	901,683	901,683	-	594,421	594,421	594,421	-
Fund Balances, ending	925,795	1,176,253	1,356,737	240,134	710,255	718,095	716,720	(1,375)

See Independent Auditor's Report

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

Municipal Police Employees' Retirement System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.038612%	0.036825%	0.039351%	0.034297%	0.021482%	0.015248%	0.022388%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 361,903	\$ 321,498	\$ 332,676	\$ 311,474	\$ 198,544	\$ 81,280	\$ 228,845
Employer's Covered-Employee Payroll	\$ 94,798	\$ 116,919	\$ 109,282	\$ 100,521	\$ 68,680	\$ 46,519	\$ 69,115
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	381.7623%	274.9750%	304.4187%	309.8596%	289.0860%	174.7254%	331.1059%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.7300%	70.0815%	71.8871%	71.0078%	70.9450%	84.0881%	70.7991%

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

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

Municipal Employees' Retirement System	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.525980%	0.516852%	0.502858%	0.446652%	0.356750%	0.337573%	0.312444%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 435,990	\$ 447,197	\$ 425,333	\$ 390,737	\$ 323,296	\$ 195,559	\$ 274,321
Employer's Covered-Employee Payroll	\$ 331,755	\$ 361,309	\$ 397,617	\$ 354,112	\$ 247,710	\$ 232,731	\$ 248,957
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	118.320000%	123.771343%	106.970522%	110.342801%	130.514002%	119.008028%	90.753756%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.710000%	63.490000%	65.598132%	64.675203%	66.260712%	79.136289%	69.555565%

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

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

See Independent Auditor's Report.

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

Municipal Police Employees' Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 35,930	\$ 38,439	\$ 42,828	\$ 22,453	\$ 18,855	\$ 15,750	\$ 21,931
Contributions in relation to contractually required contributions	<u>35,930</u>	<u>38,439</u>	<u>42,828</u>	<u>22,453</u>	<u>18,855</u>	<u>15,750</u>	<u>21,931</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
Employer's Covered Employee Payroll	115,437	109,293	104,759	63,137	53,969	57,524	71,868
Contributions as a % of Covered Employee Payroll	31.1252%	35.1706%	40.8822%	35.5616%	34.9361%	27.3798%	30.5163%

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

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

Municipal Employees' Retirement System

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contribution	\$ 26,747	\$ 68,630	\$ 47,514	\$ 44,004	\$ 33,302	\$ 38,479	\$ 35,911
Contributions in relation to contractually required contributions	<u>26,506</u>	<u>68,630</u>	<u>47,514</u>	<u>44,004</u>	<u>33,302</u>	<u>38,479</u>	<u>35,911</u>
Contribution deficiency (excess)	241	-	-	-	-	-	-
Employer's Covered Employee Payroll	368,493	359,241	397,617	314,318	237,869	248,254	231,681
Contributions as a % of Covered Employee Payroll	7.1900%	19.104%	11.950%	14.000%	14.000%	15.5000%	15.500%

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

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEARS ENDED DECEMBER 31, 2022

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

Mayor

Mark Kemp	\$	<u>16,500</u>
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Board Members

Bart Blackledge	\$	5,500
Donald Beauchamp		5,500
Mary Dunaway		5,500
Janice Betrece		5,500
Kim Young		<u>5,500</u>

Total Paid	\$	<u>27,500</u>
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See Independent Auditor's Report

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION , BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
YEARS ENDED DECEMBER 31, 2022**

Agency Head

Mark Kemp
Mayor

Purpose	Amount
Salary	<u>\$ 16,500</u>
Total Compensation, Benefits and Other Payments	<u>\$ 16,500</u>

See Independent Auditor's Report

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

Cash Basis Presentation	First Six Month Period Ended 06/30/22	Second Six Month Period Ended 12/31/22
Beginning Balance of Amounts Collected (i.e. cash on hand)	882	-
Add: Collections		
Criminal Fines - Other	91,218	55,347
Subtotal Collections	91,218	55,347
Less: Disbursements To Governments & Nonprofits: <i>(Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)</i>		
<i>Louisiana Commission on Law Enforcement-Criminal court/fees</i>	870	461
<i>Louisiana Supreme Court-Criminal Court costs/fees</i>	182	97
<i>Treasurer, State of LA-CMIS Criminal Court Costs/fees</i>	371	197
<i>Traumatic Head and Spinal Court Injuries Services-Criminal Court costs/fees</i>	1,285	770
<i>Feliciana Juvenile Justice District Criminal Court costs/fees</i>	1,854	976
<i>Town of Clinton-Special Court Costs</i>	5,067	2,754
Less: Amounts Retained by Collecting Agency		
<i>Town of Clinton Criminal Fees-Other</i>	81,593	49,129
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Other Disbursements to Individuals (additional detail is not required)	128	213
Payments to 3rd Party Collection/Processing Agencies	750	750
Subtotal Disbursements/Retainage	92,100	55,347
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained</i>	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected <i>(i.e. receivable balance)</i>	-	-
Total Waivers During the Fiscal Period <i>(i.e. non-cash reduction of receivable balances, such as time served or community service)</i>	-	-

See independent auditor's report.

Minda B. Raybourn

Certified Public Accountant
Limited Liability Company

820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402

Member
AICPA

Member
LCPA

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Town's basic financial statements and have issued my report thereon dated June 14, 2023.

Internal Control over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 and 2022-002 to be material weaknesses.

Compliance and Other Matters

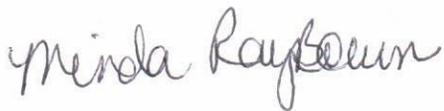
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are listed in the accompanying schedule of findings and responses as items 2022-C1, 2022-C2, and 2022-C3.

Town of Clinton, Louisiana's Response to Findings

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

Purpose of this Report

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



Minda Raybourn, CPA
Franklinton, Louisiana
June 14, 2023

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DEEMBER 31, 2022**

I have audited the financial statements of the Town of Clinton, Louisiana as of and for the year ended December 31, 2022, and have issued my report thereon dated June 14, 2023. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2022, resulted in an unmodified opinion.

Current Year Findings - Financial Statement Audit

Section I Summary of Auditor’s Reports

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

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

B. Federal Awards

N/A

Section II Internal Control Findings

Item 2022-001 Losses on Utility Fund (Repeat Finding)

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

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

2016 (\$172,930)
2017 (\$314,236)
2018 (\$310,086)
2020 (\$169,776)
2021 (\$129,031)
2022 (\$150,456)

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

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

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DEEMBER 31, 2022**

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

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

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

Item 2022-002 Payroll Expenditures

Criteria: An effective internal control system requires the design and implementation of policies and procedures in that payroll expenditures should be reported according to federal and state laws governing wages and related taxes.

Condition: Employees of the Town were paid for police detail work. The wages did not have taxes withheld. The employees were paid a check and the checks were not reported on the W2.

Cause: The wages for detail work were paid by the Town but not processed through the Town's payroll system.

Effect: Possible noncompliance with federal and state tax and reporting laws.

Recommendation: Employees of the Town who provide detail work should have their wages processed through the Town's payroll system. Taxes should be withheld and these wages should be reported on the W2 of the employee.

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

Finding 2022-C1 Late Payments of Federal Tax Payments

Criteria: Payroll taxes due under a semiweekly schedule are paid depending on when employees are paid. Under the semiweekly deposit schedule, employment taxes for payments made on Wednesday, Thursday, and/or Friday are due by the following Wednesday. Employment taxes for payments made on Saturday, Sunday, Monday, and/or Tuesday are due by the following Friday.

Condition: The town is required to pay the employment taxes on a semiweekly deposit schedule as reported on its form 941, schedule B.

For the first quarter ending March 31, 2022, \$18,019.08 was paid March 31, 2022. This payment included February and March tax payments.

For the second quarter ending June 30, 2022, \$15,294.31 was paid December 1, 2022.

Cause: Unknown.

Effect: Noncompliance with federal employment tax regulations. Interest and penalties may be assessed.

**TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DEEMBER 31, 2022**

Recommendation: The Town needs to put in place policies and procedures to ensure payroll taxes are paid timely according to the date the employees are paid. A calendar should be used among persons responsible for payroll and management for the date the employees are paid and the date the payroll taxes are due.

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

Finding 2022-C2 Late Payment of Municipal Employee Retirement System (MERS) Payments

Criteria: Per Section 10.20 of the Municipal Employee Retirement System administrative handbook, payments to MERS are due on the 10th of each month subsequent of the payroll month.

Condition: Except for the months of May and June 2022, the retirement contributions were made past the 10th of each month.

Cause: Unknown.

Effect: Noncompliance with statement retirement regulations. Interest and penalties may be assessed.

Recommendation: The Town needs to put in place policies and procedures to ensure retirement contributions are paid timely. A calendar should be used among persons responsible for payroll and management for the due date of all retirement benefit payments.

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

Finding 2022-C3 Noncompliance with Local Government Budget Act (Repeat Finding)

Criteria: Per Louisiana Revised Statute 39:1311

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

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

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

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

- estimated fund balances at the beginning of the year;

TOWN OF CLINTON, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DEEMBER 31, 2022

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

In addition to the estimates previously required by R.S. 39:1305(C)(2)(a), estimates after January 1, 2011 shall also include: A clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; other financing sources and uses by source and use, both year-to-date actual and estimates for the remainder of the year; the year-to-date actual and estimated fund balances as of the end of the fiscal year; and the percentage change for each item of information.

Condition: The Town's original budget for the year ending December 31, 2023 included the original budget for 2022, the last adopted budget for 2022, and the proposed budget. None of the other elements were presented. The original budget for 2022 was presented as required.

The Town's general fund expenditures were over budget by 16.30%. The special revenue fund expenditures were over budget 6.22%.

Cause: The budget for 2023 was not prepared according to state statute. The budgeted expenditures were not budgeted enough for actual expenditures.

Effect: Noncompliance with Local Government Budget Act.

Recommendation: The Town needs to review its monthly budget to actual comparisons for each fund carefully each month. If the actual expenditures and other uses, are over 5% of the budget at any time, the Town needs to amend its budget accordingly. Management needs to review the state law requirements covering budget messages, budget preparation, and the timeline requirements. Management needs to become familiar with these requirements to ensure that the budget prepared is accurate and correct.

Management Response: We will implement the auditor's recommendations

PRIOR YEAR FINIDINGS AND RESPONSES

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

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

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

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

2016 (\$172,930)
2017 (\$314,236)
2018 (\$310,086)
2020 (\$169,776)
2022 (\$129,031)

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

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

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

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

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

Status: Partially Resolved since the Town’s has raised the gas rates.

Compliance Findings

Item 2021-C1 Noncompliance with Public Bid Law

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

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

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

- purchases off the State Contract under cooperative purchasing agreements; R.S. 38:2212.1(F)
- purchases of surplus materials and supplies from another public entity or the government of the United States or if the particular transaction is governed by the procurement code; R.S. 38:2212.1(D)
- purchases off of the Federal General Services Administration Lists, provided that the items are not otherwise available cheaper on State Contract and the public entity utilizes a Louisiana licensed dealer or distributor; R.S. 38:2212.1(E)
- purchases by hospitals service districts under qualified group purchasing organizations; R.S.38:2212.1(G)
- purchases of used fire and emergency response vehicles, including associated equipment, with a per unit purchase cost of less than one hundred thousand dollars; R.S. 38:2238, et seq.
- lease, rental, or purchases of telecommunications data processing systems, including equipment, and related services, by political subdivisions through a request for proposals; R.S. 38:2237
- purchases of materials, equipment and supplies by school districts and schools through a qualified group purchasing organization; R.S. 38:2212.1(N)
- purchase of materials, supplies, vehicles or equipment by the State, any levee district, levee drainage district, municipality, parish or other political subdivision of the state through an existing public contract of another political subdivision within one year of the opening of bids; R.S. 38:321.1; and
- purchases of animals trained to perform special task, including but not limited to narcotics detection, bomb detection, arson investigation, and rescue techniques by: 1) Any local law enforcement agency for the principal purpose of aiding in the detection of criminal activity, enforcement of laws, or apprehension of offenders, and 2) Any local public safety agency for the purpose of search and rescue services.

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

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

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

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

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

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

Condition: The Town purchased a skid steer loader for \$35,500 on August 11, 2022. In addition, the Town purchased a hydraulic excavator for \$47,550 on July 28, 2022. The Town did get quotes on the equipment. The Town's minutes reflect the review of the purchase and quotes obtained and approval of the acquisitions. The machinery was not purchased on a state contract or advertised.

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

Effect: Noncompliance with the public bid law.

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

Response: The Town will implement the recommendation.

Status: Resolved.

Finding 2021-C2 Noncompliance with Local Government Budget Act

Criteria: Per Louisiana Revised Statute 39:1311

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

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- (3) Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

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

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

Effect: Noncompliance with the Local Government Budget Act.

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021**

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

Response: The Town will implement the recommendation.

Status: Unresolved.

Finding 2021-C3 Late Submittal of Audit Report

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

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

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

Effect: Noncompliance with state audit law.

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

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

Status: Resolved.

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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Member
AICPA

Member
LCPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
No exceptions to this procedure.
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
No exceptions to this procedure.
- c) **Disbursements**, including processing, reviewing, and approving.
No exceptions to this procedure.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
No exceptions to this procedure.
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
Items 1 and 3 are not addressed.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
No exceptions to this procedure.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
No exceptions to this procedure.
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
No exceptions to this procedure.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained

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

No exceptions to this procedure.

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

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

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

The Town adopted a new policy on October 11, 2022.

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

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

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

Board or Finance Committee

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

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

No exceptions to this procedure.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions to this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned

fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

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

- d) 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.

The minutes do not reflect written updates of the progress of the prior year audit findings.

Management Response: We will put on the agenda the updates of resolving audit findings and resolve accordingly.

Bank Reconciliations

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

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

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

No exception to this procedure.

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

The external account prepares the bank reconciliations. The reconciliations were initialed.

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

The general fund had checks in the amount of \$1,164.22 that are more than 1 year old. The utility fund operating account had checks in the amount of \$1,499.25 older than 1 year old.

Management Response: We will research the checks older than one year and resolve accordingly.

Collections (excluding electronic funds transfers)

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

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

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

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

Employees responsible for cash do not share cash drawers.

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

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

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

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

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

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

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

No exception to this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

There were no exceptions to procedures a) through e).

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

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

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

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

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

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

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

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

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

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

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

The town clerk mails the checks once they are signed.

- e) 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.

The clerk has authorization to approve electronic payments other than retirement and payroll taxes.

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

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

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

No exceptions to this procedure.

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

Two invoices were not approved. All others were approved.

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

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

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

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

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

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

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

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

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

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

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

Contracts

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

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

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

No exceptions to this procedure.

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

Minutes do not reflect approval of contracts.

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

This was not applicable.

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

There were no exceptions to this procedure.

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

Payroll and Personnel

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

A listing and management's representation were obtained.

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

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

No exceptions to this procedure.

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

Two employees were terminated. No exceptions to this procedure.

18. 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.

All but two Municipal Employees Retirement System payments were late. Two Municipal Police Employees Retirement System payments were late. The Town is a semi-weekly payroll tax depositor per the federal payroll tax returns. One of the tax payments for the 2nd quarter of 2022 was not paid until December 1, 2022.

Management Response: Management will implement a system of calendar due dates for all tax payments, retirement system payments, and benefit payments for all personnel involved in these transactions so that future payments are not late.

Ethics

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

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

No exceptions to this procedure.

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

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

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

No exceptions to this procedure.

Debt Service

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

A listing of bonds and management representation were obtained. The Town did not have issuances of debt in 2022.

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

No exception to this procedure.

Fraud Notice

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

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

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

No exception to this procedure.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if 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.

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management.

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

I performed the procedure and discussed the results with management.

- d) 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.

I performed the procedure and discussed the results with management.

Sexual Harassment

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

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

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

No exception to this procedure.

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

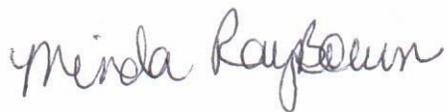
- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding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

No exceptions for procedures a) through e)

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

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

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

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

Minda B. Raybourn CPA
Franklinton, LA
June 15, 2023