

TOWN OF CLINTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020

**TOWN OF CLINTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECMEBER 31, 2020
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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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Clinton, Louisiana, as of December 31, 2020, and the respective changes in financial position

and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

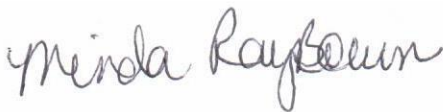
Other Information

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 comparative schedule of operating expense-proprietary fund, 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 November 23, 2021, 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
November 23, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

As management of the Town of Clinton, Louisiana (hereinafter referred to as the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the two years ended December 31, 2020. The emphasis of discussions about these statements will be on current year data and should be read in conjunction with the financial report as a whole.

ACCOMPLISHMENTS OVER THE PAST YEAR

- Total net position at the end of December 31, 2020 was \$4,061,934. Of this amount, \$85,827 was reported as unrestricted net position. Net investments in capital assets, net of related debt was \$3,666,722. Restricted net position is \$5,722 for utility customer deposits and \$303,663 in the sales tax fund.
- The most significant ongoing revenues sources in the governmental activities are sales taxes of \$393,073, property taxes of \$432,119, and utility franchise taxes of \$90,291, \$114,378 of license and permits, and fines of \$99,770.
- Charges for business-type activities of the utility fund were \$190,220 in gas charges, \$78,431 in water charges, and \$171,875 in sewer charges.
- The Town's most significant expenditures for governmental activities included \$464,332 for police, \$8,061 for fire protection, \$230,213 for general government activities, and \$245,948 in public works expenditures.
- Expenditures for the business-type activities were \$595,521.
- For the year ended December 31, 2020, the Town's bonds payable decreased by \$90,000 due to the yearly principal payments. Interest payments were \$5,860.
- The Town had no new capital acquisitions.
- The Town transferred the water system to East Feliciana Rural Water System. As a result of the transfer, the Town recognized a loss on the system of \$580,705.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works, economic development and culture and recreation. The business-type activities of the Town include water, gas and sewer services.

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

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

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

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

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Summary of Net Position

	Governmental Activities		Business Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 835,517	\$ 567,281	\$ 143,350	\$ 161,438	\$ 978,867	\$ 728,719
Restricted assets	303,663	201,286	5,722	2,500	309,385	203,786
Capital assets, net	1,966,065	2,092,600	1,890,657	2,625,825	3,856,722	4,718,425
Total Assets	3,105,245	2,861,167	2,039,729	2,789,763	5,144,974	5,650,930
DEFERRED OUTFLOWS	83,800	99,194	53,237	49,690	137,037	148,884
LIABILITIES						
Current liabilities	201,954	171,473	222,570	234,823	424,524	406,296
Long-term liabilities	443,293	677,651	175,547	214,560	618,840	892,211
Total Liabilities	645,247	849,124	398,117	449,383	1,043,364	1,298,507
DEFERRED INFLOWS	143,048	67,158	33,665	24,191	176,713	91,349
NET POSITION						
Net investment in capital assets	1,776,065	1,812,600	1,890,657	2,625,825	3,666,722	4,438,425
Restricted	303,663	201,286	5,722	2,500	309,385	203,786
Unrestricted	321,022	30,193	(235,195)	(262,446)	85,827	(232,253)
Total Net Position	\$ 2,400,750	\$ 2,044,079	\$ 1,661,184	\$ 2,365,879	\$ 4,061,934	\$ 4,409,958

By far the largest portion of the Town's net position reflects its investment in capital assets (e.g. land, buildings, improvements, streets and bridges, equipment, vehicles, utility systems and furniture and fixtures), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

At the end of the fiscal year, the Town reported total net position of \$4,061,934. The Town reported a total unrestricted net position of \$85,827.

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

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

	Summary of Changes in Net Position					
	Governmental Activities		Business Type Activities		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
REVENUES						
Charges for services	\$ 99,770	\$ 123,998	\$ 444,145	\$ 747,942	\$ 543,915	\$ 871,940
Grants and Contributions:						
Operating	105,375	113,750	5,739	6,144	111,114	119,894
Capital	-	-	-	318,981	-	318,981
General Revenues:					-	-
Licenses and permits	114,378	117,803	-	-	114,378	117,803
Franchise fees	90,291	92,962	-	-	90,291	92,962
Taxes	825,192	790,185	-	-	825,192	790,185
Interest earned	1,278	272	-	-	1,278	272
Gain on disposal of asset	-	-	(580,705)	-	(580,705)	-
Other revenues	74,801	96,709	21,647	-	96,448	96,709
Transfers	-	-				
Total Revenues	<u>1,311,085</u>	<u>1,335,679</u>	<u>(109,174)</u>	<u>1,073,067</u>	<u>1,201,911</u>	<u>2,408,746</u>
					-	-
EXPENSES						
General government	230,214	372,423			230,214	372,423
Public safety	472,393	511,918			472,393	511,918
Public works	245,948	292,169			245,948	292,169
Gas, water, and sewer utilities	-	-	595,521	917,718	595,521	917,718
Interest on long-term debt	5,860	6,562			5,860	6,562
Total Expenses	<u>954,415</u>	<u>1,183,072</u>	<u>595,521</u>	<u>917,718</u>	<u>1,549,936</u>	<u>2,100,790</u>
Change in Net Position	356,670	152,607	(704,695)	155,349	(348,025)	307,956
					-	-
Net Position, beginning of year - restated	<u>2,044,079</u>	<u>1,891,472</u>	<u>2,365,879</u>	<u>2,210,530</u>	<u>4,409,958</u>	<u>4,102,002</u>
					-	-
Net Position, end of year	<u>\$ 2,400,749</u>	<u>\$ 2,044,079</u>	<u>\$ 1,661,184</u>	<u>\$ 2,365,879</u>	<u>4,061,933</u>	<u>4,409,958</u>

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Governmental Activities

The town's governmental net position increased \$356,670 as compared to the prior net position increase of \$152,607. Total revenues decreased \$24,594 and total expenditures decreased \$228,657.

Fines and forfeitures decreased \$24,228. Taxes increased \$35,007 or 4%. The town received the annual contribution from the Parish Wide Fire Protection District for \$95,851. Other revenues decreased \$21,908.

Public safety expenditures decreased \$39,525 or 8%. This was due to a decrease in insurance and retirement expense. Retirement expense decreased due to GASB 68 adjustments.

General government expenditures decreased \$142,209 or 38%. This was due to a decrease in retirement (due to GASB 68 adjustments), insurance, and payroll taxes.

Public works expenditures decreased \$46,221 or 16%. This was due to a decrease in retirement expense (due to GASB 68 adjustment) and salaries.

Interest expense decreased \$702.

Business-type Activities

The Town's business-type net position decreased \$704,695 as compared to the prior net position change of \$155,349.

The Town transferred the water system to the East Feliciana Rural Water System resulting in a loss of \$580,705. This represents the undepreciated basis of the water system.

Charges for services decreased \$303,797 or 41%. This was mainly due to the transfer of the water system. Grants decreased \$319,386. In the prior year, the Town received grant expenditures for sewer system improvements. Other income increased \$21,647.

Total expenditures for the utility fund decreased \$322,197 or 35%. Expenditures for the gas services decreased \$82,581 or 26%. Expenditures for the water services decreased \$237,766 or 68%. Expenditures for the sewer services decreased \$1,850 or 1%.

Fund Financial Analysis

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

Governmental Funds

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

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

spending at the end of the year. At the end of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,044,402. Fund balance is as follows: nonspendable \$25,547, assigned \$7,305, restricted \$510,123 and unassigned \$501,427.

This represents a increase of \$345,783 for all governmental funds from the prior year's ending fund balance. The General Fund is the chief operating fund of the Town. At the end of the current year, the Town's general fund balace was \$541,871. The sales tax fund was \$502,531.

Proprietary Funds

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

The Town's propretary fund had a positive balance of \$1,661,184. Of this amount the net position is as follows: net investments in capital assets \$1,890,657, restricted for customer deposits \$5,722, and unrestricted of (\$235,195). The unrestricted net position is due to the effects of the pension related accounting standards.

BUDGETARY HIGHLIGTS

There were no funds that had actual revenues and other sources under budgeted revenues and other sources and actual expenditures over budgeted amounts resulting in unfavorable variances greater than 5% in accordance with the Local Government Budget Act for the fiscal year ended December 31, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2020, amounted to \$3,856,722 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, streets and sidewalks, equipment vehicles, utility systems and furniture and fixtures. Capital assets are detailed in the following table.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

		Governmental Activities	
		2020	2019
Land		\$ 1,000	\$ 1,000
Buildings		614,182	642,757
Infrastructure		1,334,630	1,424,445
Equipment		14,244	21,589
Vehicles		-	-
Furniture and fixtures		2,009	2,809
Net Capital Assets		1,966,065	2,092,600
		Business-Type Activities	
		2019	2019
Land		11,970	11,970
Buildings		48,116	53,693
Equipment		-	-
Vehicles		1,580	2,283
Utilities		1,828,991	2,557,879
Net Capital Assets		1,890,657	2,625,825

For the governmental funds and business-type funds, the Town purchased no new assets. The Town transferred the water system to the East Feliciana Rural Water System resulting in a loss of \$580,705.

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

The Parish Wide Fire Protection District reimburses the Town for the annual payment each year. This year's payment from the District was for \$95,851.

There is a balance due on this long-term obligation at December 31, 2020, of \$190,000.

**TOWN OF CLINTON, LOUISIANA
MANAGEMENT’S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>
Limited Tax Bonds	\$ 280,000	\$ 190,000	\$ -	\$ -	\$ 280,000	\$ 190,000
Capital Lease Obligations	-	-	-	-	-	-
Ending Balance	<u>\$ 280,000</u>	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ 190,000</u>

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

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

REQUEST FOR INFORMATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2020

<u>ASSETS</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 450,621	\$ 94,717	\$ 545,338
Receivables, net	206,960	42,044	249,004
Due from other funds	152,389	-	152,389
Prepaid expenses	25,547	6,589	32,136
Restricted assets:			
Cash and cash equivalents	303,663	5,722	309,385
Capital assets, net of depreciation	1,966,065	1,890,657	3,856,722
Total Assets	3,105,245	2,039,729	5,144,974
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	83,800	53,237	137,037
<u>LIABILITIES</u>			
Accounts payable	14,490	35,848	50,338
Accrued interest payable	1,595	-	1,595
Payroll related payables	61,074	-	61,074
Accrued benefits	5,388	-	5,388
Accrued wages	13,826	4,497	18,323
Compensated absences	12,581	4,900	17,481
Due to other funds	-	152,389	152,389
Payables from restricted assets:			
Customer deposits	-	24,936	24,936
Bonds payable:			
Due within one year	93,000	-	93,000
Long-term portion	97,000	-	97,000
Net pension liability	346,293	175,547	521,840
Total Liabilities	645,247	398,117	1,043,364
<u>DEFERRED INFLOWS RESOURCES</u>	143,048	33,665	176,713
<u>NET POSITION</u>			
Net investment in capital assets	1,776,065	1,890,657	3,666,722
Restricted for:			
Customer deposits	-	5,722	5,722
Grant activity	-	-	-
Streets and sidewalks	303,663	-	303,663
Unrestricted	321,022	(235,195)	85,827
Total Net Position	\$ 2,400,750	\$ 1,661,184	\$ 4,061,934

The accompanying notes are an integral part of the financial statements

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

<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	\$ 230,213	\$ -	\$ 1,704	\$ -	\$ (228,509)	\$ -	\$ (228,509)
Public safety-Police	464,332	99,770	4,682	-	(359,880)	-	(359,880)
Public safety-Fire	8,061	-	95,851	-	87,790	-	87,790
Public Works	245,948	-	3,138	-	(242,810)	-	(242,810)
Interest on capital leases	-	-	-	-	-	-	-
Interest on long-term debt	5,860	-	-	-	(5,860)	-	(5,860)
Total Governmental Activities	954,414	99,770	105,375	-	(749,269)	-	(749,269)
Business-type Activities							
Gas services	234,967	190,220	1,913	-	-	(42,834)	(42,834)
Water services	112,660	78,431	1,913	-	-	(32,316)	(32,316)
Sewer services	247,894	171,875	1,913	-	-	(74,106)	(74,106)
Late fees/ penalties	-	3,619	-	-	-	3,619	3,619
Total Business-type Activities	595,521	444,145	5,739	-	-	(145,637)	(145,637)
Total Primary Government	1,549,935	543,915	111,114	-	(749,269)	(145,637)	(894,906)
General Revenues and Transfers							
					114,378	-	114,378
					90,291	-	90,291
					432,119	-	432,119
					393,073	-	393,073
					1,278	11	1,289
					-	(580,705)	(580,705)
					74,801	21,636	96,437
					-	-	-
Total General Revenues and Transfers					1,105,940	(559,058)	546,882
Change in Net Position					356,671	(704,695)	(348,024)
Net Position, beginning, as restated					2,044,079	2,365,879	4,409,958
Net Position, ending					\$ 2,400,750	\$ 1,661,184	\$ 4,061,934

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

FUND FINANCIAL STATEMENTS

**TOWN OF CLINTON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020**

	<u>General</u>	<u>Street and Sidewalks</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 432,724	\$ -	\$ 432,724
Receivables, net:			
Franchise fees	22,984	-	22,984
Property taxes	108,398	-	108,398
Sales taxes	30,357	44,671	75,028
Other taxes	550	-	550
Due from other governmental agencies	-	-	-
Due from other funds	121,350	156,952	278,302
Prepaid expenses	22,547	3,000	25,547
Restricted assets:			
Cash and cash equivalents	17,897	303,663	321,560
Investments	-	-	-
	756,807	508,286	1,265,093
TOTAL ASSETS	756,807	508,286	1,265,093
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities			
Accounts payable	10,818	3,672	14,490
Payroll liabilities	60,528	546	61,074
Accrued benefits	5,388	-	5,388
Accrued wages	12,289	1,537	13,826
Due to other funds	125,913	-	125,913
	214,936	5,755	220,691
Total Liabilities	214,936	5,755	220,691
Fund Balances			
Nonspendable	22,547	3,000	25,547
Assigned	7,305	-	7,305
Restricted for:			
Streets and sidewalks	-	499,531	499,531
Public safety	10,592	-	10,592
Unassigned	501,427	-	501,427
	541,871	502,531	1,044,402
Total Fund Balances	541,871	502,531	1,044,402
TOTAL LIABILITIES AND FUND BALANCES	\$ 756,807	\$ 508,286	\$ 1,265,093

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, 2020

Total Fund Balances - Total Governmental Funds	\$	1,044,402
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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.		1,966,065
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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.		(1,595)
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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		(190,000)
Lease Payable		-
Net pension liability		(346,293)
Compensated absences		(12,581)

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		83,800
Deferred inflows of resources related to pensions		(143,048)

Total Net Position of Governmental Activities	\$	<u>2,400,750</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, 2020

<u>REVENUES</u>	<u>General</u>	<u>Streets and Sidewalks</u>	<u>Total Governmental Funds</u>
Fines and other costs	\$ 99,770	\$ -	\$ 99,770
Franchise fees	90,291	-	90,291
Interest	1,278	-	1,278
Intergovernmental revenues	18,000	2,860	20,860
Licenses and permits	114,378	-	114,378
Restitution	8,100	-	8,100
Other revenues	46,501	-	46,501
Taxes - beer	3,858	-	3,858
Taxes - property	432,119	-	432,119
Taxes - sales	154,459	234,756	389,215
Total Revenues	968,754	237,616	1,206,370
 <u>EXPENDITURES</u>			
General government	231,268	-	231,268
Public safety:			
Police	465,210	-	465,210
Fire	8,061	-	8,061
Public works		156,039	156,039
Debt Service:			
Lease Principal	-	-	-
Lease Interest	-	-	-
Principal	90,000	-	90,000
Interest	5,860	-	5,860
Capital outlay	-	-	-
Total Expenditures	800,399	156,039	956,438
 Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)			
	168,355	81,577	249,932
 <u>OTHER FINANCING SOURCES (USES)</u>			
Grants and other contributions	95,851	-	95,851
Sale of capital assets	-	-	-
Operating transfers, net	-	-	-
Net Other Financing Sources (Uses)	95,851	-	95,851
 Change in Fund Balances			
	264,206	81,577	345,783
Fund Balances, beginning	277,665	420,954	698,619
Fund Balances, ending	\$ 541,871	\$ 502,531	\$ 1,044,402

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, 2020**

Net Change in Fund Balances - Total Governmental Funds \$ 345,783

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. (126,535)

In the statement of activities only the gain/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increased financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold. -

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. 41,180

Non employer contributions to cost sharing pension plan 8,864

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

Accrued compensated absences	(2,619)
Accrued Interest	(2)
Lease Payments	-
Bonds	90,000
	90,000

Change in Net Position of Governmental Activities \$ 356,671

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

**TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2020**

<u>ASSETS</u>	<u>Enterprise Funds</u> <u>Utility</u> <u>2020</u>
Current Assets	
Cash and cash equivalents	\$ 94,716
Receivables, net	36,260
Unbilled receivables	5,784
Grant receivable	-
Prepaid expenses	6,589
Total Current Assets	143,349
Restricted Assets	
Cash and cash equivalents	5,722
Total Restricted Assets	5,722
Capital Assets	
Land	11,970
Buildings	150,546
Equipment	104,934
Vehicles	29,482
Gas system	1,629,986
Water system	-
Sewer system	3,926,486
Less: Accumulated depreciation	(3,962,746)
Net Capital Assets	1,890,658
Total Assets	2,039,729
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	\$ 53,237

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

TOWN OF CLINTON, LOUISIANA
STATEMENT OF NET POSITION (Continued)
PROPRIETARY FUNDS
DECEMBER 31, 2020

LIABILITIES

Current Liabilities

Payable from current assets:

Accounts Payable	\$ 35,848
Customer deposits to be remitted	-
Accrued wages	4,497
Compensated absences	4,900
Due to other funds	152,389

Total Current Liabilities, Payable from Current Assets	197,634
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Payable from restricted assets:

Customer deposits	24,936
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Total Current Liabilities, Payable from Restricted Assets	24,936
--	--------

Total Current Liabilities	222,570
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Long-term Liabilities

Net pension liability	175,547
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Total Liabilities	398,117
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DEFERRED INFLOWS OF RESOURCES

33,665	33,665
--------	--------

NET POSITION

Net investment in capital assets	1,890,658
Restricted for customer deposits	5,722
Restricted for grant activity	-
Unrestricted	(235,196)

Total Net Position	\$ 1,661,184
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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, 2020

		<u>Enterprise Funds</u>
		<u>Utility</u>
		<u>2020</u>
<u>OPERATING REVENUES</u>		
Gas sales and service	\$	190,220
Water sales and service		78,431
Sewer sales and service		171,875
Intergovernmental		5,739
Late fees/penalties		3,619
		<hr/>
Total Operating Revenues		449,884
<u>OPERATING EXPENSES</u>		
Cost of Gas Sold		95,447
Bad Debts		-
Compliance Services		28,000
Depreciation		154,464
Employee Benefits		14,864
Insurance		31,393
Meter Reading		-
Gas System Expense		21,474
Professional Fees		7,834
Water System Expense		26,317
Waste Water System		14,766
Repairs and Maintenance		7,930
Salaries and Wages		149,404
Supplies		9,681
Training		3,213
Utilities		9,284
Uniforms		5,475
Other		15,976
		<hr/>
Total Operating Expenses		595,521
Operating Income (Loss)		(145,637)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Grants and other contributions		-
Loss on transfer of water system		(580,705)
Interest income		11
Other revenues		21,636
Operating transfers, net		-
		<hr/>
Total Non-Operating Revenues (Expenses)		(559,058)
Change in Net Position		<hr/> (704,695)
Total Net Position, beginning		<hr/> 2,365,879
Total Net Position, ending	\$	<hr/> <u>1,661,184</u>

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, 2020

	<u>Enterprise Fund:</u> <u>Utility</u> <u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 374,781
Cash received from East Feliciana Rural Water for sewer and water	147,537
Cash paid to employees for services	(189,899)
Cash paid to suppliers for goods and services	<u>(288,063)</u>
Net Cash Provided by (Used for) Operating Activities	44,355
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments made to/from other funds	15,103
Payments to East Feliciana Rural Water for customer deposits	(41,425)
Miscellaneous revenues received	21,636
Operating transfers	<u>-</u>
Net Cash Used for Non-Capital Financing Activities	(4,686)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	-
Cash received from grantors	<u>-</u>
Net Cash Provided by Capital and Related Financing Activities	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase/Decrease in Cash and Cash Equivalents	<u>39,670</u>
Cash and Cash Equivalents, beginning	<u>60,768</u>
Cash and Cash Equivalents, ending	<u><u>100,438</u></u>
CASH PRESENTATION OF STATEMENTS OF NET ASSETS:	
Current Assets: Cash and cash equivalents	94,716
Restricted Assets: Cash and cash equivalents	<u>5,722</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 100,438</u></u>

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

**TOWN OF CLINTON, LOUISIANA
 CHANGES IN FUND NET POSITION
 COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income/(loss)	\$ (145,637)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	154,464
(Increase) decrease in assets:	
Accounts receivable	51,271
Grants receivable	1,057
Prepaid expenses	5,999
Increase (decrease) in liabilities:	
Accounts payable	9,129
Accrued Wages	2,109
Compensated Absenses	(310)
Bank Overdraft	-
Due to/from other funds	-
Deferred Inflows-Outflows-Pensions	5,927
Customer deposits	416
Net pension liability and related resources	<u>(39,013)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 44,355</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, 2020**

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 1,502 persons. Within the boundaries are approximately 15 miles of roads maintained by the Town. It is currently servicing about 431 gas and 695 sewer customers through its utility department and employs 19 persons including reserve officers.

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, 2020**

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, 2020**

Operating Revenues

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

Restricted Net Position

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

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

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

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

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

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

Proprietary funds include:

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

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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

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

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

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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. Accrued leave earned by an employee is carried forward to the succeeding calendar year. Upon separation of employment, the employee shall be paid the value of the accrued vacation leave in a lump sum. The maximum pay shall not exceed the amount of vacation accrued over twelve months preceding separation of employment.

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.

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:

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Non-spendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

Sales Taxes: The Town receives 8.16% of a one percent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose for operating the Town. The Town recognized \$154,459 of sales tax revenue during the year ended December 31, 2020.

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 \$234,756 of sales tax revenue during the year ended December 31, 2020.

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 \$65,310,418. The total assessed value of the property taxes was \$434,314. The Town recognized \$432,119 in property taxes for the year ended December 31, 2020.

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, 2020, are as follows:

**TOWN OF CLINTON, LOUISIANA
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	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Demand Deposits	\$ 754,284	\$ 100,439	
Total	\$ 754,284	\$ 100,439	

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

At December 31, 2017, the Town had \$877,115 in deposits (collected balances). The town has accounts at two banks. The collected balances were: 1) Landmark Bank, \$847,492 and 2) Felician Bank and Trust, \$29,623. These funds at Landmark Bank are secured through the Federal Deposit Insurance Corporation (FDIC) and collateral pledged by the bank. Felician Bank and Trust funds are secured through coverage through the FDIC.

NOTE 3 - RECEIVABLES

The following is a summary of receivables at December 31, 2020:

<u>Class</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 87,414	\$ 87,414
Other	550	-	-	550
Taxes:				
Franchise	22,984	-	-	22,984
Beer tax	966	-	-	966
Property	108,398	-	-	108,398
Sales	29,391	44,671	-	74,062
Sub-total	161,739	44,671	-	206,410
Less: Allowance for doubtful	-	-	(45,370)	(45,370)
Net	162,289	44,671	42,044	249,004

Utility meters are read between the 18th and 25th of each month and bills are computed and mailed by the last day of the month. The amount of gas and water used from the date the meter is read until the end of the month is an unbilled receivable in the Enterprise Fund. At December 31, 2020, unbilled receivables were \$5,784. This amount is included in the table above.

TOWN OF CLINTON, LOUISIANA
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An allowance for doubtful accounts is determined by a percentage based on prior years' experience. At December 31, 2020, the allowance was estimated to be \$45,370 in the Enterprise Fund.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental funds for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 1,000	\$ -	\$ -	\$ 1,000
Capital Assets, being depreciated				
Buildings and improvements	978,863	-	-	978,863
Less: accumulated depreciation	336,108	28,573	-	364,681
Net Building and Improvements	642,755	(28,573)	-	614,182
Infrastructure	2,424,979	-	-	2,424,979
Less: accumulated depreciation	1,000,535	89,814	-	1,090,349
Net Sidewalks/Drainage	1,424,444	(89,814)	-	1,334,630
Equipment	349,728	-	-	349,728
Less: accumulated depreciation	328,138	7,346	-	335,484
Net Equipment	21,590	(7,346)	-	14,244
Vehicles	475,901	-	-	475,901
Less: accumulated depreciation	475,901	-	-	475,901
Net Vehicles	-	-	-	-
Office furniture	10,830	-	-	10,830
Less: accumulated depreciation	8,020	801	-	8,821
Net Office furniture	2,810	(801)	-	2,009
Total Capital Assets, being depreciated, net	2,091,599	(126,534)	-	1,965,065
Capital Assets, net	2,092,599	(126,534)	-	1,966,065

The Town purchased no new assets in the governmental funds.

Depreciation expense was charged to governmental functions as follows:

TOWN OF CLINTON, LOUISIANA
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General government	\$	11,771
Public Safety		18,281
Public Works		96,482
Total		\$ 126,534

Capital asset activity for enterprise funds for the year ended December 31, 2020, was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Business Activities				-
Capital Assets, not being depreciated				-
Land	\$ 11,970	\$ -	\$ -	11,970
Capital Assets, being depreciated				-
Buildings and improvements	150,545	-	-	150,545
Less: accumulated depreciation	96,853	5,576	-	102,429
Net Building and Improvements	53,692	(5,576)	-	48,116
Equipment	104,933	-	-	104,933
Less: accumulated depreciation	104,933	-	-	104,933
Net Equipment	-	-	-	-
Vehicles	\$ 29,481	-	\$ -	29,481
Less: accumulated depreciation	27,198	703	-	27,901
Net Vehicles	2,283	(703)	-	1,580
Gas system	1,629,985	-	-	1,629,985
Less: accumulated depreciation	1,349,553	40,750	-	1,390,303
Net Gas system	280,432	(40,750)	-	239,682
Water system	1,141,732	-	(1,141,732)	-
Less: accumulated depreciation	552,857	8,171	(561,028)	-
Net Water system	588,875	(8,171)	(580,704)	-
Sewer system	3,926,492	-	-	3,926,492
Less: accumulated depreciation	2,237,918	99,265	-	2,337,183
Net Sewer system	1,688,574	(99,265)	-	1,589,309
Total Capital Assets, being depreciated, net	2,613,856	(154,465)	(580,704)	1,878,687
Capital Assets, net	2,625,826	(154,465)	(580,704)	1,890,657

**TOWN OF CLINTON, LOUISIANA
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FOR THE YEAR ENDED DECEMBER 31, 2020**

The Town transferred the water system to the East Feliciana Rural Water System. The water system had a net book value of \$580,705 at the time of the transfer. As a result, the Town incurred a loss for the transfer. More details are disclosed in Note 18 below.

Depreciation expense was charged to enterprise functions as follows:

Gas		\$	43,889
Water			8,171
Sewer			102,405
Total			\$ 154,465

NOTE 5 – INTER-FUND TRANSACTIONS

Amounts receivables and payable between funds at December 31, 2020, are as follows:

	Receivable	Payable
General Fund		
Sales tax fund	\$ -	\$ 125,913
Enterprise fund	121,349	-
Special Revenue Fund		
General fund	125,913	-
Enterprise fund	31,038	-
Enterprise Fund		
General fund	-	121,349
Sales tax fund	-	31,038
Total	\$ 278,300	\$ 278,300

NOTE 6 – RESTRICTED ACCOUNTS

The following is a listing of the restricted assets for the fund financial statements on December 31, 2020:

	Governmental Activities	Business-type Activities
Demand deposits		
Customer deposits	\$ -	\$ 5,722
Grant	-	-
Sales tax fund	303,663	-
	303,663	5,722

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 7 - ACCOUNTS AND OTHER PAYABLES

The following is a summary of payables at December 31, 2020:

	General Fund	Sales Tax Fund	Enterprise Fund	Total
Accounts	\$ 10,818	\$ 3,672	\$ 35,848	\$ 50,338
Bank overdraft	-	-	-	-
Interest	1,595	-	-	1,595
Payroll liabilities	61,074	-	-	61,074
Accrued benefits	5,388	-	-	5,388
Accrued wages	13,826	-	4,497	18,323
Compensated absences	12,581	-	4,900	17,481
Customer deposits	-	-	29,436	29,436
Total	<u>\$ 105,282</u>	<u>\$ 3,672</u>	<u>\$ 74,681</u>	<u>\$ 183,635</u>

NOTE 8 – LONG TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2020:

	<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	\$ -	\$ 280,000	\$ -	\$ -	\$ 280,000
Additions	-	-	-	-	-
Deletions	-	(90,000)	-	-	(90,000)
Ending Balance	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,000</u>

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

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	Governmental Activities		Business-Type Activities		Total	
	2019	2020	2019	2020	2019	2020
Limited Tax Bonds	\$ 280,000	\$ 190,000	\$ -	\$ -	\$ 280,000	\$ 190,000
Capital Lease Obligations	-	-	-	-	-	-
Ending Balance	<u>\$ 280,000</u>	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,000</u>	<u>\$ 190,000</u>

Bonds payable as of December 31, 2020 is as follows:

	Bonds Payable End of Year	Due Within One Year
Governmental: \$760,000 Limited Tax Bonds Series 2012	_____	_____
Dated 11/19/2012, due in annual installments of principal and interest ranging up to \$98,208, from 3/1/2013, interest at 2.49%.	<u>\$ 190,000</u>	<u>\$ 93,000</u>

The annual requirements to amortize all debt outstanding at December 31, 2020, including interest payments of \$4,781 as follows:

Year	Limited Tax bonds, Series 2012		
	Principal	Interest	Total
2021	93,000	3,573	96,573
2022	97,000	1,208	98,208
Total	<u>190,000</u>	<u>4,781</u>	<u>194,781</u>

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:

**TOWN OF CLINTON, LOUISIANA
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A. Municipal Employee Retirement System of Louisiana (System)

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

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

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

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

Retirement Benefits:

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

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

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

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.

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

DROP Benefits:

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

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

Disability Benefits:

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

**TOWN OF CLINTON, LOUISIANA
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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, 2020. During the year ending December 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$9,921 for its participation in MERS-Plan B.

The Town of Clinton contributions to the System under Plan B for the years ending December 31, 2020 and 2019 were \$33,002, and \$44,004 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, 2020, the Town reported a liability of \$323,296 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 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, 2020, the Town's proportion was 0.356750%, which was a decrease of 0.089902%, from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the MERS System of (\$16,095) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2020, 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	\$ -	\$ (5,440)
Changes of Assumptions	10,020	-
Net difference between projected and actual earnings on pension plan investments	35,099	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	34,451	(59,388)
Employer contributions subsequent to the measurement date	16,834	-
Total	\$ 96,404	\$ (64,828)

The Town reported a total of \$16,834 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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

**TOWN OF CLINTON, LOUISIANA
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<u>Year</u>	
2021	\$ (25,309)
2022	(18,051)
2023	7,996
2024	5,141
	<u>\$ (30,223)</u>

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

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

Actuarial Assumptions:

Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	6.95%, net of investment expense
Inflation Rate	2.5%
Salary Increases, including Inflation and merit increases:	
-1-4 years of service	7.4%
-More than 4 years of service	4.9%
 Annuitant and beneficiary mortality	 PubG-2010 (B) Healthy Retiree Table set equal to 120% for males and females, Each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010 (B) Employee Table set equal to 120% for males and females, Each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubG-2010 (B) Disabled Retiree Table set equal to 120% for males and females, Each adjusted using their respective male and female MP2018 scales.

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

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

**TOWN OF CLINTON, LOUISIANA
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Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Rate		7.00%

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of 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 6.95%, 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, 2020:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.950%	6.950%	7.950%
Town of Clinton Share of NPL	\$ 430,368	\$ 323,296	\$ 232,699

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.

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

Retirement Benefits:

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

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

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

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

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

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.

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

Deferred Retirement Option Plan:

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

Initial Benefit Option Plan:

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

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, 2020, total contributions due for employers and employees were 42.50%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.50% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 32.50% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 34.25% and 7.5%, 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, 2020. During the year ending December 31, 2020, the Town

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

recognized revenue as a result of support received from non-employer contributing entities of \$4,682 for its participation in MPERS.

The Town of Clinton contributions to the System for the years ending December 31, 2020 and 2019 were \$18,855 and \$22,453 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, 2020, the Town reported a liability of \$198,544 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 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, 2020, the Town's proportion was 0.021482%, which was a decrease of 0.012815% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Town recognized pension expense for the MPERS System of (\$305) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At December 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,819	\$ (7,820)
Changes of Assumptions	4,718	(4,900)
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	1,049	(99,165)
Employer contributions subsequent to the measurement date	11,047	-
Total	<u>\$ 40,633</u>	<u>\$ (111,885)</u>

The Town reported a total of \$11,047 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended December 31, 2021.

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>	
2021	\$ (33,880)
2022	(33,173)
2023	(24,258)
2024	4,524
	<u>\$ (86,787)</u>

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

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Actuarial Assumptions:

Investment Rate of Return 6.95%, 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%

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, 2020 are summarized in the following table:

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.950%	6.950%	7.950%
Town of Clinton Share of NPL	\$ 278,933	\$ 198,544	\$ 131,342

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, 2020, the general fund had nonspendable fund balance of \$22,547 due to prepaid insurance. The amount of restricted fund balance in the general fund is \$10,592 due to the narcotics fund. The amount assigned for the special court account was \$7,305. The unassigned fund balance in the general fund is \$501,427. The sales tax fund, a special revenue fund, had a fund balance restricted for streets and sidewalks for \$502,531.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The enterprise fund had restricted net position related to customer deposits of \$5,722. The enterprise fund had unrestricted net position of (\$235,195). The amount of net position in capital assets is \$1,890,657. 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, 2019 for adjustments for customer liabilities and interfund accounts. The net effect is as follows:

	Governmental Activities	Business-type Activities	Total
Net Position	2,068,375	2,404,582	4,472,957
Adjustment for meter deposits		(38,703)	(38,703)
Adjustment for due to/from	(24,296)		(24,296)
Net position restated	2,044,079	2,365,879	4,409,958

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 2020, the town received \$95,851 from the District.

NOTE 14 - COMPARATIVE DATA

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. Such information is presented in a summarized comparative format and should be read in conjunction with the Town's financial statements for the year ended December 31, 2020, from which the information was summarized.

NOTE 15 - RELATED PARTY TRANSACTIONS

There are no related party transactions that require disclosure.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 16 - LITIGATION AND CLAIMS

There are currently two litigation cases pending:

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

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, 2020 for these amounts.

NOTE 17 – ON-BEHALF PAYMENTS

For the fiscal year ended December 31, 2020, 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 \$18,000 of on-behalf payments as revenue and as an expenditure in the General Fund.

NOTE 18 – TRANSFER OF WATER SYSTEM

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

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

- 1) The water distribution system, towers, pumps, mains, pipe services, valves, meters, and all associated equipment, buildings and improvements, and fixtures.
- 2) A lot situated in the town and designated as "Town of Clinton Water Tower Site 0.9504AC".
- 3) Two lots including the improvements designated as Lot 1 and Lot 12 in the Pine Ridge Subdivision.
- 4) A certain street and turnaround in the Pine Ridge Subdivision.
- 5) Easements, servitudes, rights of ingress and egress, permits and any and all rights in connection with the operating of the water distribution system for each public water supply.
- 6) Customer deposits held by the town for customers connected to the public water supply.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

- 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 collects 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.

As a result of the transfer, the town recognized a loss of \$580,705 on the disposal of the water distribution system. The Town's 2020 expense related to its water distribution system totaled \$112,660. 2020 revenues associated with the town's water operating, consisting of both program and general revenues totaled \$80,344.

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.

**TOWN OF CLINTON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 20 - SUBSEQUENT EVENTS

The U.S. House of Representatives on March 10, 2021, passed the Senate-amended H.R. 1319, the American Rescue Plan (ARP). The ARP provides \$1.9 trillion in additional relief to respond to the novel coronavirus (COVID-19). This follows the enactment of nearly \$4 trillion in COVID relief in 2020. ARP includes provisions on aid to state and local governments, hard-hit industries and communities, tax changes affecting individuals and business, and other provisions. The latest COVID relief legislation was enacted as part of Congress' fiscal year (FY) 2021 budget, and includes provisions impacting a wide variety of stakeholders. On September 13, 2021, the Town received \$277,759 in ARP funding.

There were no other events subsequent to year-end through November 23, 2021, 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
YEARS ENDED DECEMBER 31, 2020**

REVENUES	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
Fines and other court costs	\$ 129,044	\$ 129,044	\$ 99,770	\$ (29,274)	\$ -	\$ -	\$ -	\$ -
Franchise fees	111,894	115,594	90,291	(25,303)	-	-	-	-
Interest earned	-	-	1,278	1,278	-	-	-	-
Intergovernmental	-	-	18,000	18,000	-	-	-	-
Licenses and permits	140,204	140,204	114,378	(25,826)	-	-	-	-
Other revenues	76,977	76,977	54,601	(22,376)	-	-	-	-
Taxes-beer	3,831	3,831	3,858	27	-	-	-	-
Taxes-property	403,000	403,000	432,119	29,119	-	-	-	-
Taxes-sales	156,136	156,136	154,459	(1,677)	239,707	239,707	237,616	(2,091)
Total Revenues	1,021,086	1,024,786	968,754	(56,032)	239,707	239,707	237,616	(2,091)
EXPENDITURES								
General government	263,826	263,826	231,268	32,558	-	-	-	-
Public safety:								
Police	473,706	482,505	465,210	17,295	-	-	-	-
Fire	8,803	8,803	8,061	742	-	-	-	-
Public works	-	-	-	-	133,622	171,302	156,039	15,263
Debt service	56,000	56,000	95,860	(39,860)	-	-	-	-
Lease Payments	-	-	-	-	-	-	-	-
Capital outlay	50,000	50,000	-	50,000	-	-	-	-
Total Expenditures	\$ 852,335	861,134	\$ 800,399	\$ 60,735	\$ 133,622	\$ 171,302	\$ 156,039	\$ 15,263

See Independent Auditor's Report

TOWN OF CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (Continued)
GENERAL AND SPECIAL REVENUE FUNDS
YEARS ENDED DECEMBER 31, 2020

	General Fund				Streets and Sidewalks			
	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)	Budgeted Amounts		Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final			Original	Final		
Deficiency of Revenues over Expenditures Before Other Financing Sources (Uses)	\$ 168,751	\$ 163,652	\$ 168,355	\$ 4,703	\$ 106,085	\$ 68,405	\$ 81,577	\$ 13,172
<u>OTHER FINANCING SOURCES (USES)</u>								
Grants and other contributions	-	-	95,851	95,851	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Operating transfers, net	-	-	-	-	-	-	-	-
Net Other Financing Sources (Uses)	-	-	95,851	95,851	-	-	-	-
Change in Fund Balances	168,751	163,652	264,206	100,554	106,085	68,405	81,577	13,172
Fund Balances, beginning	277,665	277,665	277,665	-	420,954	420,954	420,954	-
Fund Balances, ending	446,416	441,317	541,871	100,554	527,039	489,359	502,531	13,172

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>
Employer's Proportion of the Net Pension Liability (Assets)	0.038612%	0.036825%	0.039351%	0.034297%	0.021482%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 361,903	\$ 321,498	\$ 332,676	\$ 311,474	\$ 198,544
Employer's Covered-Employee Payroll	\$ 94,798	\$ 116,919	\$ 109,282	\$ 100,521	\$ 68,680
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.7300%	70.0815%	71.8871%	71.0078%	70.9450%

* 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>
Employer's Proportion of the Net Pension Liability (Assets)	0.525980%	0.516852%	0.502858%	0.446652%	0.356750%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 435,990	\$ 447,197	\$ 425,333	\$ 390,737	\$ 323,296
Employer's Covered-Employee Payroll	\$ 331,755	\$ 361,309	\$ 397,617	\$ 354,112	\$ 247,710
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%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.710000%	63.490000%	65.598132%	64.675203%	66.260712%

* 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>
Contractually required contribution	\$ 35,930	\$ 38,439	\$ 42,828	\$ 22,453	18,855
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>
Contribution deficiency (excess)	-	-	-	-	-
Employer's Covered Employee Payroll	115,437	109,293	104,759	63,137	53,969
Contributions as a % of Covered Employee Payroll	31.1252%	35.1706%	40.8822%	35.5616%	34.9361%

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>
Contractually required contribution	\$ 26,747	\$ 68,630	\$ 47,514	\$ 44,004	33,302
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>
Contribution deficiency (excess)	241	-	-	-	-
Employer's Covered Employee Payroll	368,493	359,241	397,617	314,318	237,869
Contributions as a % of Covered Employee Payroll	7.1900%	19.104%	11.950%	14.000%	14.000%

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
COMPARATIVE STATEMENT OF NET POSITION
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>Enterprise Funds</u> <u>Utility</u> <u>2020</u>	<u>Enterprise Funds</u> <u>Utility</u> <u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 94,716	\$ 58,268
Receivables, net	36,260	74,335
Unbilled receivables	5,784	15,190
Grant receivable	-	1,057
Prepaid expenses	6,589	12,588
Total Current Assets	143,349	161,438
Restricted Assets		
Cash and cash equivalents	5,722	2,500
Total Restricted Assets	5,722	2,500
Capital Assets		
Land	11,970	11,970
Buildings	150,546	150,546
Equipment	104,934	104,934
Vehicles	29,482	29,482
Gas system	1,629,986	1,629,986
Water system	-	1,141,732
Sewer system	3,926,486	3,926,488
Less: Accumulated depreciation	(3,962,746)	(4,369,313)
Net Capital Assets	1,890,658	2,625,825
Total Assets	2,039,729	2,789,763
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	\$ 53,237	\$ 49,690
<u>LIABILITIES</u>		
Current Liabilities		
Payable from current assets:		
Accounts Payable	\$ 35,848	\$ 26,719
Customer deposits to be remitted	-	38,701
Accrued wages	4,497	2,388
Compensated absences	4,900	5,210
Due to other funds	152,389	137,285
Total Current Liabilities, Payable from Current Assets	197,634	210,303
Payable from restricted assets:		
Customer deposits	24,936	24,520
Total Current Liabilities, Payable from Restricted Assets	24,936	24,520
Total Current Liabilities	222,570	234,823
Long-term Liabilities		
Net pension liability	175,547	214,560
Total Liabilities	398,117	449,383
<u>DEFERRED INFLOWS OF RESOURCES</u>	33,665	24,191
<u>NET POSITION</u>		
Net investment in capital assets	1,890,658	2,625,825
Restricted for customer deposits	5,722	2,500
Restricted for grant activity	-	-
Unrestricted	(235,196)	(262,446)
Total Net Position	\$ 1,661,184	\$ 2,365,879

See independent auditor's report.

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Enterprise Funds	
	<u>2020</u>	<u>2019</u>
<u>OPERATING REVENUES</u>		
Gas sales and service	\$ 190,220	\$ 234,230
Water sales and service	78,431	323,828
Sewer sales and service	171,875	172,159
Intergovernmental	5,739	-
Late fees/penalties	3,619	17,725
Total Operating Revenues	449,884	747,942
<u>OPERATING EXPENSES</u>		
Cost of Gas Sold	95,447	111,168
Bad Debts	-	2,882
Compliance Services	28,000	63,000
Depreciation	154,464	171,553
Employee Benefits	14,864	82,083
Insurance	31,393	42,991
Meter Reading	-	-
Gas System Expense	21,474	28,897
Professional Fees	7,834	11,042
Water System Expense	26,317	122,656
Waste Water System	14,766	20,078
Repairs and Maintenance	7,930	1,625
Salaries and Wages	149,404	202,952
Supplies	9,681	7,405
Training	3,213	487
Utilities	9,284	10,128
Uniforms	5,475	4,619
Other	15,976	34,152
Total Operating Expenses	595,521	917,718
Operating Income (Loss)	(145,637)	(169,776)
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Grants and other contributions	-	325,125
Loss on transfer of water system	(580,705)	-
Interest income	11	-
Other revenues	21,636	-
Operating transfers, net	-	-
Total Non-Operating Revenues (Expenses)	(559,058)	325,125
Change in Net Position	(704,695)	155,349
Total Net Position, beginning	2,365,879	2,210,530
Total Net Position, ending	\$ 1,661,184	\$ 2,365,879

See independent auditor's report.

TOWN OF CLINTON, LOUISIANA
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Enterprise Funds	
	<u>Utility</u>	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 374,781	\$ 726,010
Cash received from East Feliciana Rural Water for sewer and water	147,537	-
Cash paid to employees for services	(189,899)	(269,471)
Cash paid to suppliers for goods and services	(288,063)	(385,472)
Net Cash Provided by (Used for) Operating Activities	44,355	71,067
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Loans/repayments made to/from other funds	15,103	(19,431)
Payments to East Feliciana Rural Water for customer deposits	(41,425)	-
Miscellaneous revenues received	21,636	-
Operating transfers	-	-
Net Cash Used for Non-Capital Financing Activities	(4,686)	(19,431)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	-	(337,521)
Cash received from grantors	-	318,981
Net Cash Provided by Capital and Related Financing Activities	-	(18,540)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase/Decrease in Cash and Cash Equivalents	39,670	33,096
Cash and Cash Equivalents, beginning	60,768	27,672
Cash and Cash Equivalents, ending	100,438	60,768
CASH PRESENTATION OF STATEMENTS OF NET ASSETS:		
Current Assets: Cash and cash equivalents	94,716	58,268
Restricted Assets: Cash and cash equivalents	5,722	2,500
Cash and Cash Equivalents, end of year	\$ 100,438	\$ 60,768

See independent auditor's report.

**TOWN OF CLINTON, LOUISIANA
CHANGES IN FUND NET POSITION
COMPARATIVE STATEMENTS OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income/(loss)	\$ (145,637)	\$ (169,776)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	154,464	171,553
(Increase) decrease in assets:		
Accounts receivable	51,273	(13,332)
Grants receivable	1,057	(1,057)
Prepaid expenses	5,999	1,102
Increase (decrease) in liabilities:		
Accounts payable	9,129	(52,291)
Accrued Wages	2,109	(2,460)
Compensated Absences	(310)	(2,586)
Bank Overdraft	-	(10,903)
Due to/from other funds	-	127,936
Deferred Inflows-Outflows-Pensions	5,927	32,512
Customer deposits	416	7,358
Net pension liability and related resources	(39,013)	(18,046)
Net Cash Provided by (Used for) Operating Activities	<u>\$ 44,357</u>	<u>\$ 71,067</u>

See independent auditor's report.

TOWN OF CLINTON, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO GOVERNING MEMBERS
YEARS ENDED DECEMBER 31, 2020

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>19,500</u>
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Board Members

Bart Blackledge	\$	6,500
Donald Beauchamp		6,500
Darren W. Matthews		6,000
Mary Dunaway		6,500
Janice Betrece		500
Kim Young		<u>6,500</u>

Total Paid	\$	<u>32,500</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, 2020

Agency Head

Mark Kemp
Mayor

Purpose

Salary
Reimbursement

Amount

\$ 19,500

153

Total Compensation, Benefits and Other Payments

\$ 19,653

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 06/30/2020	Second Six Month Period Ended 12/31/2020
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	848
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	4,555	4,542
Criminal Fines - Contempt	-	-
Criminal Fines - Other	-	-
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	4,555	4,542
Less: Disbursements To Governments & Nonprofits: (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>Crime Victims Reparations Fund</i>	-	-
<i>Louisiana Supreme Court-Judicial College</i>	158	43
<i>Treasurer, State of LA- CMIS Collections</i>	69	128
<i>La Commission on Law Enforcement Training</i>	350	167
<i>DHH-TH/SCI T.F. Traumatic Head and Spinal Court Injuries Services</i>	-	-
<i>Feliciana Juvenile Justice District</i>	925	465
<i>Town of Clinton-Special Court Costs</i>	2,055	1,275
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	150	338
Subtotal Disbursements/Retainage	3,707	2,416
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	848	2,974
Ending Balance of "Partial Payments" Collected but not Disbursed (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	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

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, 2020, and the related notes to the financial statements, which collectively comprise Town’s basic financial statements and have issued my report thereon dated November 15, 2021.

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 items 2020-001, 2020-002, 2020-003, 2020-,004, and 2020-005 that I consider to be material weaknesses.

Compliance and Other Matters

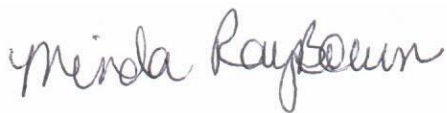
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 as items 2020-C1 and 2020-C2.

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
November 23, 2021

**TOWN OF CLINTON, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**

I have audited the financial statements of the Town of Clinton, Louisiana as of and for the year ended December 31, 2020, and have issued my report thereon dated November 23, 2021. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of December 31, 2020, 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

2020-001 Payroll Expenditures

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**

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

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

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

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

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

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

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

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**

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

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

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

2020 (\$145,637)

2019 (\$169,776)

2018 (\$310,086)

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

Cause: Unknown.

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

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

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

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

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

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

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

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

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

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

**TOWN OF CLINTON, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**

Finding 2020-005 Equity Account Rollforward

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

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

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

Effect: Financial statements could be misstated.

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

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

**TOWN OF CLINTON, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**

Compliance Findings

Finding 2020-C1 Mayor's Court Costs

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

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

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

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

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

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

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

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

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

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

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

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

In addition to the estimates previously required by R.S. 39:1305(C)(2)(a), estimates after January 1, 2011 shall also include: A clearly presented side-by-side detailed comparison of such information for the current year, including the fund balances at the beginning of the year, year-to-date actual receipts and revenues received and

**TOWN OF CLINTON, LOUISIANA
FOR THE YEAR ENDED DECEMBER 31, 2020
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES**

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

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

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

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

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

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

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

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

PRIOR YEAR FINIDINGS AND RESPONSES

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019**

I have audited the financial statements of the Town of Clinton, Louisiana as of and for the year ended December 31, 2019, and have issued my report thereon dated November 17, 2020. 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, 2019, resulted in an unmodified opinion.

Current Year Findings - Financial Statement Audit

Section I Summary of Auditor’s Reports

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

Internal Control	Significant Deficiencies	Yes
	Material Weakness	Yes
Compliance	Material to Financial Statements	Yes

D. Federal Awards

N/A

Section II Internal Control Findings

2019-001 Utility Accounts Receivable and Revenues (Repeat Finding)

Criteria: The general ledger must be balanced each month with the utility billing system. Charges, payments, adjustments, write-offs, and deposits must be recorded each month and reconciled using utility billing reports. The balance per the general ledger should match the utility billing system accounts receivable. Reconciling differences should be researched and documented. The allowance for doubtful accounts should be adjusted for any uncollectible accounts in particular those over 90 days old.

Condition: The general ledger utility accounts receivable and the utility billing system accounts receivable were not reconciled. The utility billings per the general ledger did not match the billing reports.

Cause: The general ledger and utility billing system have not been reconciled. The Town has no internal controls in place to reconcile the general ledger and utility billing system each month.

Effect: An audit adjustment of \$7,389.06 to adjust the utility accounts receivable against the Town’s net position was required. An adjustment to correct water, sewer, and gas sales, penalties, and adjustments was required. The Town’s financial statements will be misstated due to the revenues and accounts receivable not being correct. Without reconciling the customer payments between the general ledger and utility billing system, reconciling the monthly revenues, and reconciling the accounts receivable each month, misappropriation of Town resources could occur.

Recommendation: The Town must use the billing system reports to balance the amounts in the general ledger. Management should run the accounts receivable summary which reports billings, payments, adjustments, write

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

offs, deposits applied, and other revenues to record transactions. In additions, deposits per the general ledger should be reconciled against payment activity in the billing system.

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

Status: Resolved.

2019-002 Customer Deposits (Repeat Finding)

Criteria: Customer deposits on utilities must be reconciled with the utility billing system. The deposits paid should be recorded on the general ledger as a liability. Refunds of deposits and deposits applied to accounts receivable should also be recorded as a liability.

Condition: The customer deposits per the utility billing system are not reconciled against the customer deposits liability on the general ledger.

Since the prior year audit report, the Town has opened a customer deposit bank account with \$2,500 reported at the end 2020. The customer deposit liability reported at the end of 2020 is \$24,520.

Cause: The Town has no internal controls in place to reconcile customer deposits each month and to track how the customer deposits are accounted.

Effect: The financial statements will be misstated.

Recommendation: Monthly, the Town should reconcile the customer deposit liability cash account with the customer deposit liability. The customer deposits received, refunded, and the month end balance should be reconciled between the Town's general ledger and billing system.

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

Status: Resolved.

Finding 2019-003 Payment of Accrued Leave (Repeat Finding)

Criteria: Upon separation of an employee from employment, any accrued leave payable upon separation should be paid in accordance with the Town's policies.

Condition: During the prior audit year of 2018, two employees on their last pay check were paid their vacation hours that were accrued. One employee was paid \$9,469.54 (accrued hours of 291.46) and another employee was paid \$8,725.06 (accrued hours of 254.76).

Page 12 of the Town's policies and procedures states the following: Each employee upon separation shall be paid the value of his accrued vacation/compensatory leave in a lump-sum provided that the privilege of this Policy shall not extend to any employee who is dismissed for theft of municipality funds or property. The maximum severance pay shall not exceed the amount of vacation leave accrued over the 12 months preceding resignation, retirement, etc.

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

The 2 checks were not paid the vacation leave accrued over the 12 months preceding employment separation. They were paid the entire amount of hours accrued for vacation.

Cause: The Town has not properly followed the policy and procedure on payment of leave upon resignation, retirement, or termination.

Effect: The Town may have over paid the accrued vacation leave in violation of Town policy.

Recommendation: The Town needs to pay any accrued leave according to its policies when employees resign, retire, etc.

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

Status: Resolved.

Finding 2019-004 Ticket Revenue (Repeat Finding)

Criteria: The Town is accounting for the final disposition of citations issued per state law. The collections per the software used by the police department should be fairly close to the collections of fines posted in the Town's accounting system.

Condition: The reports from the Town's police department of all tickets paid were compared to the amount of collections posted to the accounting system. Audit procedures showed that ticket collections per the police collection tracking software are not reconciled with the general ledger postings. It was discovered that \$26,287 in tickets were deposited to the town's general fund account but were not reported in the police collection tracking software.

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

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

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

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

Status: Not resolved.

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019**

Finding 2019-005 Losses in 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 fourth consecutive year. In 2020, 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)

Cause: Unknown.

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.

Finding 2019-006 Funds Owed to Special Revenue Fund (Repeat Finding)

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

Condition: The general fund owes the special revenue fund \$130,735. The utility fund owes the special revenue fund \$31,038.

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

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

Recommendation: The Town needs to put in place a payment plan to reimburse the sales tax fund for these funds.

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

Status: Partially resolved.

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
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Finding 2019-007 Outstanding Checks

Criteria: The bank reconciliations must be reviewed for outstanding checks that are old. Outstanding checks should be researched and either cancelled and reissued, voided, or submitted to the Louisiana State Treasurer as unclaimed property

Condition: On the December 31, 2020, bank reconciliations, there were checks that were outstanding that had not been researched. The checks were either erroneous entries or duplicate payments that had not cleared. Auditing entries had to be recorded at year end to reverse these checks that should not have been outstanding. The dollar amount of the entries was for the general fund: \$32,315.52, utility fund: \$19,907.41, and sales tax fund \$6,197.00.

Cause: The outstanding checks were not researched and corrected on the bank reconciliations during the year and at year end.

Effect: The Town's bank accounts and expenditures will be misstated.

Recommendation: The Town should research outstanding items on its bank reconciliations each month that are old.

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

Status: Resolved.

Finding 2019-008 Property Tax Reconciliations

Criteria: Proper internal controls must allow for the reconciliation of property tax revenues collected and recorded.

Condition: The property taxes are recoded in a software program that matches payments with the taxpayer's assessment. Collections are posted in the general ledger as property tax revenues. Reports from the program are not reconciled with collection postings to the general ledger.

Cause: The Town does not have a reconciliation process to verify property tax collections received each month.

Effect: Property tax revenues could be misstated.

Recommendation: The Town should develop a reconciliation process to balance the collections between the tax program and the general ledger.

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

Status: Resolved.

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019**

Compliance Findings

Finding 2019-009 Delinquent Payment of Federal Payroll Taxes (Repeat Finding)

Criteria: Federal payroll taxes should be submitted as required by the deadlines prescribed by the federal government.

Condition: The federal payroll taxes for November and December 2020 were not paid until February 3, 2020. The town is a semiweekly tax depositor.

Cause: Unknown.

Effect: The effect of late tax payments is interest and penalties which can be substantial. The Town was not in compliance with federal and state law.

Recommendation: The Town should put in place procedures to closely monitor the required deadlines for reporting and payment of taxes.

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

Status: Resolved.

Finding 2019-010 Delinquent Payment of Retirement System Expenditures (Repeat Finding)

Criteria: Remittance of retirement expenditures are due by the tenth of the following month that is being reported and paid. This is required by the Municipal Police Retirement System and Municipal Employee Retirement System.

Condition: The submittals for the Municipal Police Retirement System for the month of January was three days late and for the month of February was nine days late. In addition, the month of December 2020 was not paid until February 29, 2020.

The submittals for the Municipal Employee Retirement System for the month of February was nine days late. The month of December 2020 was not paid until February 29, 2020.

Cause: The Town did not have sufficient funds on hand at the required due date to pay the systems during January and February 2020. It is not known why December 2020 was late.

Effect: The Town may have violated state law.

Recommendation: The Town needs to put procedures in place to ensure compliance with the submittal deadlines.

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

Status: Resolved.

**TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
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Finding 2019-011 Debit Card Purchases

Criteria: All disbursements using a credit, debit, or purchase card should have an itemized receipt to support the business purpose.

Condition: The town received a donation in the amount of \$6,000 from a local movie production company filming in the area. The description on the check stub received stated “0911 Toy Drive Donation-City of Clinton.” When asked, the town could not find any other documentation available for this donation. It was received October 8, 2020.

The town spent the funds at the following using the town’s debit card:

Vendor	Date	Location	Cost
Wal-Mart	10/11/2019	Zachary, La	973.23
Wal-Mart	10/15/2019	Baton Rouge, LA	451.95
Wal-Mart.com	10/15/2019		1,156.38
Wal-Mart	10/16/2019	Baker, LA	249.40
Wal-Mart	10/16/2019	Baker, LA	1,960.00
Wal-Mart	10/18/2019	Zachary, La	984.00
Wal-Mart	10/31/2019	Zachary, La	248.00
		Total	<u>6,022.96</u>

I asked the current mayor for supporting itemized receipts. A search was done and the receipts could not be found. He spoke with former mayor who stated that there was a file folder with the information. The folder could not be found.

While it was verbally stated the purchases were for the toy drive, supporting itemized receipts to back up the assertion could not be found.

A review of the Town’s final adopted budget (adopted December 30, 2020) shows no budgeted amounts for the money received as a donation or the money spent for the toy drive.

Cause: The Town has a credit card purchasing policy that required that receipts must be turned into accounting for any and all purchases on Town of Clinton credit cards. There appears to be a lack of control over the documentation of the debit card.

Effect: A lack of strong controls over all cards will cause fraudulent transactions to go undetected. Fraudulent reporting on the transactions will occur.

Recommendation: The Town needs to educate all personnel on the importance of providing itemized receipts on all card purchases. The Town needs to implement policies and procedures on the cards are to be controlled, the required approvers, and a strong monitoring process.

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

Status: Resolved.

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

Finding 2019-012 Allegations Regarding Public Records Requests and Budget

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

- (1) A budget message that is signed by the budget preparer and that contains:
 - a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and
 - a discussion of the most important features.

- (2) A statement for the general fund and each special revenue fund showing the:
 - estimated fund balances at the beginning of the year;
 - estimates of all receipts and revenues to be received;
 - revenues itemized by source;
 - recommended expenditures itemized by agency, department, function, and character;
 - other financing sources and uses by source and use; and
 - the estimated fund balance at the end of the fiscal year.

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

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

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

Condition: I received an allegation that the budget for 2020 was not prepared in accordance with R.S. 39:1305. The budget for 2020 was not approved at the meeting on December 11, 2018. Notification of a meeting to be held on January 29, 2020, was made on January 17, 2020. It was alleged that a document was provided for this meeting for discussion of adoption of the budget. The document showed the proposed budget for the general fund, special revenue fund, and the utility fund. The document contained the general ledger account, the proposed budget, and proposed percentage of revenues. It was alleged that on January 25, 2020, another document was emailed to the

TOWN OF CLIFTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2019

aldermen to be used for discussion of the budget on January 29, 2020. It contained for the general fund, special revenue fund, and utility fund, the last adopted budget, proposed budget, and percentage of revenues by general ledger account. It was alleged that a third document was available for the meeting. This document was the statement of income and expenditures for the month of December 2018 and year to date December 2018 for all three funds. It was alleged that a question was raised regarding the missing information per R.S. 39:1305. The person was told everything had been provided as necessary. In the minutes for the January 29, 2020, it was noted the 2020 budget was approved 3-2.

I received a separate allegation dated January 8, 2020, that the town was operating without a budget and was unable to cover its payroll in October 2018.

The budget presented for the January 29, 2020 meeting does not conform to R.S. 39:1305. Inspection of the budget documents presented for the original 2020 budget do not show 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, year to date actual expenditures and estimates for all expenditures to be made the remainder of the year, other financing sources and uses by source and use, year to date actual and estimates for the remainder of the year, year to date actual and estimated fund balances as of the end of the fiscal year, and percentage changes. A budget message was not provided.

Regarding the allegation that the Town was operating without a budget, the last adopted budget before January 2020 was adopted on October 9, 2018 for the 2018 fiscal year. A budget for 2020 was presented at the December 11, 2018 meeting. Discussion was held regarding the budget but it was not adopted. The budget was adopted at the January 31, 2020 meeting.

The original budget for 2020 and the amended budget for 2020 was approved December 30, 2020. It contained original budget for 2020, beginning fund balances, year to date actual receipts and revenues received, estimate of all receipts and revenues to be received the remainder of the year, estimates and actual revenues itemized by sources, year to date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by department, function, and character, both year to date actual and estimates for the remainder of the year, estimated fund balances at the end of the fiscal year, and percentage of change between the last adopted budget and projected actual result.

It did not include the last adopted budget for 2020 and the percentage of change between the projected actual results and proposed budget. A budget message was not provided. Further review revealed the original budget for 2020 and last adopted budget for 2020 reported on the prepared 2020 budget did not match what was actually adopted.

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

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

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

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

Status: Partially resolved.

Finding 2019-0013 Allegations Regarding Movie Detail Wages

Criteria: Strong internal controls state that payroll expenditures must be supported by time and attendance records such as time cards and time sheets. Payroll must be reviewed and approved by management.

Condition: I received an allegation regarding a police officer from the Village of Wilson that was logging hours for detail provided on a movie production filming in Clinton. The town of Clinton was reimbursed by the movie production company for all detail that was paid. It was alleged the officer also logged hours as a police officer with the Village of Wilson at the same time she was on the clock for the Town of Clinton.

I brought this allegation to the attention of Mayor Mark Kemp. He pulled all invoices paid for the movie detail for this officer as well as all town employees that were employed by the town that had worked on the movie set as police detail. I reviewed his analysis.

It was determined there are multiple instances where the dates and times the town employees logged as being on the Town's payroll overlapped with the times and dates the employees were paid for movie detail. This occurred on multiple employees.

In addition, the town has a time clock system. However, on multiple time sheets, time card reports were not attached. This made verifying the town time compared to the movie detail time difficult.

On the officer from the village in question, on 7/24, the officer was paid from 8:00 AM to 3:00 PM. Per the Village of Wilson time sheets, she was paid 7 hours on this date. However, it is not known if it was a day or night shift. On 8/7, the officer was paid from 7:00 AM to 5:30 PM. Per the Village of Wilson time sheets, she was paid from 6:30 to 8:30. The time sheets do not reflect if this was a day shift or night shift.

Cause: The town has a lack of internal controls over payroll. It is not enforcing the use of the town clock system. Pages 3 thru 5 of the town's policies and procedures explain the required use of the clock system.

Effect: Without strong internal controls over payroll, the town could have losses due to misappropriation and fraud.

Recommendation: The town needs to use a time clock system for all employees. Time clock reports or time cards should be logged on a time sheet for payroll. Time clock documentation should then be compared against the time sheets for accuracy. Time sheets should be signed by the employee and approved by the supervisor.

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Before disbursing payroll, payroll documentation and payroll checks should be compared to one another to ensure the correct time is being paid. I would recommend the mayor or a member of the board perform this function.

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

Status: Resolved.