

# TOWN OF WHITE CASTLE, LOUISIANA

## Financial Statements

For the fiscal year ended September 30, 2022



Prepared by

Town of White Castle  
Town Clerk's Office

# TOWN OF WHITE CASTLE, LOUISIANA

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

\* A Professional Accounting Corporation

John Morris III, Mayor  
and the Members of the Town Council  
Town of White Castle, Louisiana

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of White Castle, Louisiana (the Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
March 27, 2023

## TOWN OF WHITE CASTLE, LOUISIANA

### MANAGEMENT'S DISCUSSION AND ANALYSIS

Our analysis of the Town of White Castle's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the Town's financial statements, which begin on page 16. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts.

#### FINANCIAL HIGHLIGHTS

The Town completed the fiscal year in a stable financial position and approaches 2023 with funding that provides a means to address community needs. A major initiative of the Town is to provide basic services, including law enforcement, street maintenance, drainage, and utility services. Significant aspects of the Town's financial well-being as of and for the year ended September 30, 2022, are detailed throughout this analysis. Significant highlights are as follows:

- Assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources by approximately \$5.3 million at the close of the year. The Town reported a deficit of \$362,000 for unrestricted net position for the year ended September 30, 2022.
- As of September 30, 2022, the Town's governmental funds reported combined fund balances of approximately \$1.6 million. Additionally, approximately \$820,000 of this fund balance is unassigned.
- At year end the Town's proprietary funds reported net position of approximately \$1.7 million, of which included a deficit of \$619,000 in unrestricted net position.

Significant aspects of the Town's financial well-being, as of and for the year ended September 30, 2022, are detailed throughout this analysis

#### USING THIS ANNUAL REPORT

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

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a 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 of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference among them reported as net position. Increases or decreases in net position over time may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include public safety, streets and sanitation, public health, recreation, and general administration. The business-type activities of the Town include water, gas and sewer services. The government-wide financial statements can be found on Exhibits A and A-1 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* are used to account for essentially the same functions reported as governmental activities in the government-wide 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 fiscal 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The basic governmental fund financial statements can be found on Exhibits A-2 and A-4 of this report.

The Town maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the General Fund and the Sinking Fund which the Town considers to be major funds.



The Town adopts an annual budget for its general fund as required by law. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with the budget and is shown on Exhibit B.

The second category of funds is *proprietary funds*. Town maintains three proprietary funds to report the same functions presented as business-type activities in the government-wide statements. The Town uses proprietary funds to account for its water, gas and sewer operations.

Proprietary funds provide the same type of information as government-wide statements, but in more detail. The proprietary funds financial statements provide separate information for the Gas, Water and Sewer Funds, all of which are considered to be major funds of the Town. The basic proprietary fund financial statements can be found on Exhibits A-6 through A-8 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. The notes can be found on Exhibit A-9 of this report.

**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 and information regarding the Town's proportionate share in public pension plans. The required supplementary information can be found on Exhibits B through B-3 of this report.

Governmental funds that are considered nonmajor are presented in the combining nonmajor fund balance sheet and nonmajor fund combining statements of revenues, expenditures, and changes in fund balances at Exhibits C and C-1.

A detailed budgetary comparison for the General Fund is provided and can be found on Exhibit C-2. Additionally, information regarding the mayor's compensation, Act 87 justice system funding information, utility systems customer information, along with information regarding the Town's insurance in force, can be found on Exhibits C-3, C-4, C-5 and C-6, respectively.

## Government-Wide Financial Analysis

As mentioned earlier, changes in net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$5.3 million at the close of the fiscal year, an increase of approximately \$156,000 from the prior year.

The summary of net position table below focuses on the net position of the Town's governmental and business-type activities.

Net Position September 30, 2022 and 2021 (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 1,761	\$ 1,297	\$ (251)	\$ (82)	\$ 1,510	\$ 1,215
Capital assets	<u>4,754</u>	<u>4,896</u>	<u>2,495</u>	<u>2,598</u>	<u>7,249</u>	<u>7,494</u>
Total assets	<u>6,515</u>	<u>6,193</u>	<u>2,244</u>	<u>2,516</u>	<u>8,759</u>	<u>8,709</u>
Deferred outflows of resources	<u>406</u>	<u>340</u>	<u>55</u>	<u>15</u>	<u>461</u>	<u>355</u>
Total assets and deferred outflows of resources	<u>\$ 6,921</u>	<u>\$ 6,533</u>	<u>\$ 2,299</u>	<u>\$ 2,531</u>	<u>\$ 9,220</u>	<u>\$ 9,064</u>
Current and other liabilities	\$ 169	\$ 134	\$ 195	\$ 145	\$ 364	\$ 279
Noncurrent liabilities	<u>3,056</u>	<u>2,968</u>	<u>367</u>	<u>331</u>	<u>3,423</u>	<u>3,299</u>
Total liabilities	<u>3,225</u>	<u>3,102</u>	<u>562</u>	<u>476</u>	<u>3,787</u>	<u>3,578</u>
Deferred inflows of resources	<u>74</u>	<u>232</u>	<u>13</u>	<u>64</u>	<u>87</u>	<u>296</u>
Net position:						
Net investment in capital assets	2,578	2,554	2,358	2,418	4,936	4,972
Restricted	772	759	-	-	772	759
Unrestricted	<u>272</u>	<u>(114)</u>	<u>(634)</u>	<u>(427)</u>	<u>(362)</u>	<u>(541)</u>
Total net position	<u>3,622</u>	<u>3,199</u>	<u>1,724</u>	<u>1,991</u>	<u>5,346</u>	<u>5,190</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,921</u>	<u>\$ 6,533</u>	<u>\$ 2,299</u>	<u>\$ 2,531</u>	<u>\$ 9,220</u>	<u>\$ 9,064</u>

At the end of the current fiscal year the Town had deficit balances in unrestricted net position for governmental and business type activities. Additionally, the Town experienced a deficit in unrestricted net position for the Gas and Waterworks utility funds.

The largest classification of the Town's net position as of September 30, 2022 (92%) reflects those net position invested in capital assets (e.g., land, buildings, improvements, streets, equipment, vehicles, utility systems and furniture and fixtures), less any related outstanding debt used to acquire those assets. This same classification of net position was also the largest portion of the Town's net position as of September 30, 2021 (80%).

The deficit of \$362,000 in unrestricted net position of the Town at the end of fiscal 2022 represents the accumulated results of operations.

Unrestricted net position for governmental activities increased during the year by approximately \$386,000, this increase resulted in the Town ending the 2022 fiscal year with a unrestricted net position of \$272,000. The increase in unrestricted net position is attributable to increase in gross capital assets, as the Town placed new assets into service, federal and state operating grants received during the year, and continued making payments on debt that was issued in prior years. Furthermore, unrestricted net position for business-type activities decreased by approximately \$207,000 or 10%. The decrease in unrestricted business-type activities is primarily attributable to operations of all utility funds resulted in a loss for September 30, 2022.

(Continued)

The results of this year's operations for the government as a whole are reported in the statement of activities, which is summarized below:

Changes in Net Position  
For the years ended September 30, 2022 and 2021  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 200	\$ 131	\$ 794	\$ 805	\$ 994	\$ 936
Operating grants and contributions	407	374	-	-	407	374
General revenues:						
Ad valorem	30	31	-	-	30	31
Sales taxes	2,831	2,311	-	-	2,831	2,311
Other taxes	52	39	-	-	52	39
Other general revenues	68	85	8	12	76	97
Total revenues	<u>3,588</u>	<u>2,971</u>	<u>802</u>	<u>817</u>	<u>4,390</u>	<u>3,788</u>
Functions/Program Expenses:						
General government	924	898	-	-	924	898
Public safety	834	771	-	-	834	771
Streets and sanitation	747	923	-	-	747	923
Public health	69	60	-	-	69	60
Recreation	277	296	-	-	277	296
Gas	-	-	420	387	420	387
Waterworks	-	-	561	525	561	525
Sewerage	-	-	353	392	353	392
Interest	49	49	-	-	49	49
Total expenses	<u>2,900</u>	<u>3,024</u>	<u>1,334</u>	<u>1,356</u>	<u>4,234</u>	<u>4,301</u>
Increase (decrease) in net position before transfers	688	(53)	(532)	(539)	156	(592)
Transfers	<u>(265)</u>	<u>(205)</u>	<u>265</u>	<u>205</u>	<u>-</u>	<u>-</u>
Change in net position	423	(258)	(267)	(334)	156	(592)
Beginning net position	<u>3,199</u>	<u>3,457</u>	<u>1,991</u>	<u>2,325</u>	<u>5,190</u>	<u>5,782</u>
Ending net position	<u>\$ 3,622</u>	<u>\$ 3,199</u>	<u>\$ 1,724</u>	<u>\$ 1,991</u>	<u>\$ 5,346</u>	<u>\$ 5,190</u>

## Financial Analysis of Town's Most Significant Funds

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Analysis of the Town's major funds begins on page 18. The fund financial statements provide detailed information about only the most significant funds and thus not the Town as a whole. Some funds are required to be established by state law or by bond covenants. In addition, the Town Council establishes other funds to control and manage resources for particular purposes or to meet legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds, governmental and proprietary, use different accounting bases.

**Governmental funds** - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the year-end balances that are available the subsequent year. These funds are reported using the *modified accrual* basis of accounting, which measures cash and other financial assets that can readily be converted to cash. As such, the governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be expended in the near future to finance the Town's programs. The relationship and differences between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* (reported in the balance sheet and statement of revenues, expenditures, and changes in fund balance) are described in a reconciliation after the fund financial statements.

### General Governmental Functions

The general government operations of the Town are accounted for in the General Fund, Special Revenue Fund, Debt Service Funds, and the Capital Project Fund. The following table shows a summary of general governmental operations for 2022 by fund type:

	(in thousands)					
	2022				2021	
	General Fund	Special Revenue Fund	Debt Service Funds	Capital Project Fund	Totals	Totals
Revenues and other						
financing sources	\$ 3,498	\$ 69	\$ 1	\$ -	\$ 3,568	\$ 5,436
Expenditures and other						
financing uses	2,597	69	210	-	2,876	5,202
Transfers, net	(485)	-	220	-	(265)	(205)
Change in fund balance	\$ 416	\$ -	\$ 11	\$ -	\$ 427	\$ 29

Before transfers to other governmental and enterprise funds, the Town's General fund experienced a surplus of revenues over expenditures of \$902,000. This surplus is primarily related to an increase in sales taxes by \$520,000 and decreases capital outlay expenditures by \$77,000 due to the completion of improvements to the Town's recreation facility in 2021.

Overall, revenues and other financing sources of the Town’s governmental fund types for 2022 decreased by approximately \$1.8 million, expenditures and other financing uses decreased by approximately \$2.3 million, and net transfers decreased by approximately \$60,000 resulting in an increase in fund balance of approximately \$427,000. This increase in fund balance represents a \$398,000 gain when compared to the prior year’s increase in fund balance of \$29,000, largely due to the increases in sales taxes as mentioned above. The large decreases in revenues and other financing sources and expenditures and other financing uses are driven by the Town issuing 2021 sales tax bonds to refund the Town’s prior 2016 sales tax bonds.

Sources of general governmental revenues for all governmental funds are summarized in the table below.

Source of Revenue	(in thousands)			
	2022		2021	
	Revenue	Percent	Revenue	Percent
Taxes	\$ 2,912	81	\$ 2,382	81
Intergovernmental	442	12	414	14
Licenses and permits	64	2	69	2
Fines	94	3	31	1
Miscellaneous	57	2	39	1
	<u>\$ 3,569</u>	<u>100</u>	<u>\$ 2,935</u>	<u>100</u>

The Town’s governmental activities are largely supported by tax revenues, which are recorded in the General fund, representing 82% of the total governmental revenues in 2022, which increased by approximately \$520,000 (or 22%) during the current year due primarily to increases in sales tax revenues.

Total governmental expenditures experienced a decrease of approximately \$191,000 in comparison to the prior year. Capital outlay expenditures decreased by \$77,000, as a result of recreation capital projects being completed in 2021. Additionally, streets and sanitation expenditures decreased by \$172,000 from the prior year. The decrease of \$172,000 in streets and sanitation expenditures was attributable to major repairs needed to the Town’s drainage systems during 2021 that was not incurred during the fiscal year ending September 30, 2022. Expenditures for all governmental funds by each major function are summarized below.

Function	(in thousands)			
	2022		2021	
	Expenditure	Percent	Expenditure	Percent
General government	\$ 893	32	\$ 822	27
Public safety	749	26	712	23
Streets and sanitation	645	22	817	27
Public health	70	2	60	2
Recreation	112	4	114	4
Debt Service	223	8	281	9
Capital outlay	184	6	261	9
	<u>\$ 2,876</u>	<u>100</u>	<u>\$ 3,067</u>	<u>100</u>

**Proprietary Funds** - The Town's proprietary funds provide the same information reported in the government-wide financial statements as business-type activities but in a different format. Unrestricted net position of Waterworks and Gas decreased for the year ended September 30, 2022. Additionally, Gas, Water and Sewer experienced operating losses as summarized in the table below.

(in thousands)

	2022		2021	
	Total	Percent	Total	Percent
<u>Operating revenues:</u>				
Gas	\$ 273	34	\$ 253	31
Waterworks	241	30	248	31
Sewerage	<u>281</u>	<u>35</u>	<u>310</u>	<u>38</u>
Total revenues	<u>795</u>	<u>100</u>	<u>811</u>	<u>100</u>
<u>Operating expenses:</u>				
Gas	420	32	304	23
Waterworks	557	42	557	42
Sewerage	<u>346</u>	<u>25</u>	<u>478</u>	<u>36</u>
Total expenses	<u>1,323</u>	<u>100</u>	<u>1,339</u>	<u>100</u>
Net operating loss	<u>\$ (528)</u>	<u>(66)</u>	<u>\$ (528)</u>	<u>(65)</u>

### **General Fund Budgetary Highlights**

Differences between the General Fund original budget and the final budget are shown on Exhibit B. Revenue projections were amended to increase sales tax revenues and decrease grant revenues by \$225,000 and \$2.9 million, respectively. Actual total revenues were approximately \$327,000 greater than the final budget, primarily due to differences between actual sales tax received revenues collected in 2022 when compared to the amended budget.

Regarding expenditures, the original budget of the Town was amended to decrease the appropriation for capital outlay expenditures by \$2.8 million and to increase the appropriations for streets and sanitation by \$112,000 for major drainage system repairs and maintenance expenditures incurred during the year. The decrease in capital outlay expenditures from the original budget was the result of expected postponement of capital outlay projects due to availability of grant funding.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2022 the Town had approximately \$7.2 million invested in a broad range of capital assets including streets, heavy equipment for street and drainage maintenance, vehicles, computer equipment, office furniture, land, buildings, park facilities, gas and water distribution systems, and sewer treatment systems. This amount represents a net decrease of \$245,000, or 3% over the prior fiscal year. The 2022 additions in the governmental and business type activities were approximately \$184,000 and \$100,000, respectively. Additions included the purchase of public safety equipment, improvements to the streets and roads, meter system improvements, and various improvements to the Town's buildings. During 2022, depreciation expense for the governmental and business type activities were approximately \$327,000 and \$203,000, respectively.

	in thousands (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 321	\$ 321	\$ 41	\$ 41	\$ 362	\$ 362
Construction in progress	100	100	-	-	100	100
Buildings and systems	1,050	1,069	2,218	2,256	3,268	3,325
Equipment and vehicles	169	199	236	301	405	500
Improvements other than buildings	330	270	-	-	330	270
Infrastructure	<u>2,784</u>	<u>2,937</u>	<u>-</u>	<u>-</u>	<u>2,784</u>	<u>2,937</u>
Total assets, net of depreciaiton	<u>\$ 4,754</u>	<u>\$ 4,896</u>	<u>\$ 2,495</u>	<u>\$ 2,598</u>	<u>\$ 7,249</u>	<u>\$ 7,494</u>

The Town's fiscal year 2022 capital budget included purchases for equipment and improvements. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.



## Long-Term Liabilities

On September 30, 2022, the Town had \$3.4 million in outstanding long-term liabilities, compared to \$3.3 million on September 30, 2021, an increase of 3%, as shown in the following table.

	in thousands					
	Governmental		Business- Type		Total	
	Activities	Activities	2022	2021	2022	2021
Public improvement bonds	\$ 2,215	\$ 2,375	\$ -	\$ -	\$ 2,215	\$ 2,375
Premium on bond issuance	42	45	-	-	42	45
Finance purchase lease	46	59	137	180	183	239
Net pension liability	715	458	214	138	929	596
Revenue bonds	-	-	-	-	-	-
Accrued sick leave	38	31	14	14	52	45
Total long-term liabilities	<u>\$ 3,056</u>	<u>\$ 2,968</u>	<u>\$ 365</u>	<u>\$ 332</u>	<u>\$ 3,421</u>	<u>\$ 3,300</u>

More detailed information about the Town’s long-term liabilities is presented in Note 6 and Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The Town’s elected and appointed officials considered many factors when setting the 2023 budget and tax rates. One of those factors is the current local, state and national economies. The largest taxpayers in the Town are primarily companies involved in the petrochemical processing sector. These companies are significantly impacted by the increasing cost of fuel, including natural gas. With the high price of fuel in recent years, these companies have experienced financial difficulty resulting in the reduction of personnel staffing and the rate of plant expansion, if any. As a result, the local economy has been impacted by the financial concerns of this major industry in the Town.

The following indicators were taken into account when adopting the General Fund budget for 2023. Amounts available for appropriation in the General Fund are \$5.6 million (revenues and other financing sources). Property taxes, licensing fees, sales taxes, franchise taxes, and utility taxes are expected to remain relatively consistent with the final 2023 budget. Grant revenues are expected to provide the Town with significant funding to support the finance of programs currently offered. Budgeted grant funds are approximately \$2.9 million for 2023. Budgeted expenditures are expected to be \$5.2 million (expenditures and other financing uses), with the largest expenditures allocated to public safety and capital outlay related to streets and facility improvements that will be financed through capital grants. If these estimates are realized, the General Fund’s fund balance is expected to increase by approximately \$472,000.

## **OTHER INFORMATION**

### **Contacting The Town's Financial Management**

This financial report is designed to provide the Town's citizens, taxpayers, customers, granting agencies, investors, and creditors with a general overview of the Town's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Town's Finance Office at (225) 545-3012 or P.O. Box 488, White Castle, Louisiana 70788.

#### **Town Council**

Melissa Allen

Erick Batiste

Candice Depron

Kipp Knight

Mervin Allen

## TOWN OF WHITE CASTLE, LOUISIANA

## STATEMENT OF NET POSITION

September 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 8,490	\$ 8,490
Investments - certificate of deposit	211,097	-	211,097
Accounts receivable, net	21,007	181,756	202,763
Due from other governments	851,189	-	851,189
Internal balances	521,940	(521,940)	-
Inventories	-	5,992	5,992
Restricted cash	155,348	75,276	230,624
Capital assets:			
Non depreciable	421,799	40,588	462,387
Depreciable, net	<u>4,331,917</u>	<u>2,454,249</u>	<u>6,786,166</u>
Total assets	<u>6,514,297</u>	<u>2,244,411</u>	<u>8,758,708</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension liability	278,844	54,894	333,738
Deferred outflows related to debt refunding	<u>126,870</u>	<u>-</u>	<u>126,870</u>
Total deferred outflows of resources	<u>405,714</u>	<u>54,894</u>	<u>460,608</u>
Total assets and deferred outflows of resources	<u>\$ 6,920,011</u>	<u>\$ 2,299,305</u>	<u>\$ 9,219,316</u>
<b>LIABILITIES</b>			
Cash overdraft	\$ 21,093	\$ -	\$ 21,093
Accounts payable	95,678	111,160	206,838
Payroll and other accrued liabilities	21,279	8,692	29,971
Unearned revenue	30,939	-	30,939
Customer deposits	-	75,577	75,577
Long-term liabilities:			
Due within one year	245,105	57,249	302,354
Due in more than one year	2,096,035	95,277	2,191,312
Pension liability due in more than one year	<u>715,043</u>	<u>214,004</u>	<u>929,047</u>
Total liabilities	<u>3,225,172</u>	<u>561,959</u>	<u>3,787,131</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows related to pension liability	<u>73,728</u>	<u>13,276</u>	<u>87,004</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,577,663	2,358,074	4,935,737
Restricted for:			
Debt service	485,502	-	485,502
Capital projects	285,695	-	285,695
Unrestricted	<u>272,251</u>	<u>(634,004)</u>	<u>(361,753)</u>
Total net position	<u>3,621,111</u>	<u>1,724,070</u>	<u>5,345,181</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 6,920,011</u>	<u>\$ 2,299,305</u>	<u>\$ 9,219,316</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

## STATEMENT OF ACTIVITIES

For the year ended September 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>						
Governmental activities:						
General government	\$ 924,630	\$ 106,647	\$ 25,728	\$ (792,255)	\$ -	\$ (792,255)
Public safety	834,274	93,828	-	(740,446)	-	(740,446)
Streets and sanitation	746,617	-	313,729	(432,888)	-	(432,888)
Public health	69,518	-	67,701	(1,817)	-	(1,817)
Recreation	276,236	-	-	(276,236)	-	(276,236)
Interest on long-term debt	49,262	-	-	(49,262)	-	(49,262)
Total governmental activities	<u>2,900,537</u>	<u>200,475</u>	<u>407,158</u>	<u>(2,292,904)</u>	<u>-</u>	<u>(2,292,904)</u>
Business-type activities:						
Gas	419,984	272,770	-	-	(147,214)	(147,214)
Waterworks	561,273	240,363	-	-	(320,910)	(320,910)
Sewerage	352,731	280,679	-	-	(72,052)	(72,052)
Total business-type activities	<u>1,333,988</u>	<u>793,812</u>	<u>-</u>	<u>-</u>	<u>(540,176)</u>	<u>(540,176)</u>
Total primary government	<u>\$ 4,234,525</u>	<u>\$ 994,287</u>	<u>\$ 407,158</u>	<u>(2,292,904)</u>	<u>(540,176)</u>	<u>(2,833,080)</u>
General revenues:						
Taxes:						
Ad valorem				29,489	-	29,489
Sales and use				2,830,971	-	2,830,971
Franchise				42,269	-	42,269
Video poker				7,437	-	7,437
Other				2,237	-	2,237
Grants and contribution not restricted to specific programs				29,470	8,397	37,867
Investment earnings				3,260	-	3,260
Payments in-lieu of taxes				35,084	-	35,084
Transfers				(265,000)	265,000	-
Total general revenues and transfers				<u>2,715,217</u>	<u>273,397</u>	<u>2,988,614</u>
Change in net position				422,313	(266,779)	155,534
<b>NET POSITION</b>						
Beginning of year				<u>3,198,798</u>	<u>1,990,849</u>	<u>5,189,647</u>
Ending of year				<u>\$ 3,621,111</u>	<u>\$ 1,724,070</u>	<u>\$ 5,345,181</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

BALANCE SHEETS  
GOVERNMENTAL FUNDS

September 30, 2022

	General	Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 30,939	\$ 30,939
Investments - certificates of deposit	211,097	-	-	211,097
Account receivable	21,007	-	-	21,007
Due from other governments	851,189	-	-	851,189
Due from other funds	198,262	231,869	525,444	955,575
Restricted cash	-	155,348	-	155,348
Total assets	<u>\$ 1,281,555</u>	<u>\$ 387,217</u>	<u>\$ 556,383</u>	<u>\$ 2,225,155</u>
<b>LIABILITIES</b>				
Cash overdraft	\$ 52,032	\$ -	\$ -	\$ 52,032
Accounts payable	95,678	-	-	95,678
Payroll and other accrued liabilities	16,259	-	-	16,259
Due to other funds	297,191	136,444	-	433,635
Total liabilities	<u>461,160</u>	<u>136,444</u>	<u>-</u>	<u>597,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	-	-	30,939	30,939
<b>FUND BALANCE</b>				
Restricted for:				
Debt service	-	250,773	239,749	490,522
Capital projects	-	-	285,695	285,695
Unassigned	820,395	-	-	820,395
Total fund balance	<u>820,395</u>	<u>250,773</u>	<u>525,444</u>	<u>1,596,612</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,281,555</u>	<u>\$ 387,217</u>	<u>\$ 556,383</u>	<u>\$ 2,225,155</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEETS TO THE STATEMENT OF NET POSITION**

September 30, 2022

Total net position reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds (Exhibit A-2)	\$	1,596,612
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation		4,753,716
Deferred inflows and outflows of resources for pension plans and debt refundings are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
Deferred outflows related to loss on refunded debt	126,870	
Deferred outflows related to pension liability	278,844	
Deferred inflows related to pension liability	<u>(73,728)</u>	331,986
Long-term liabilities (e.g. bonds, leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	(5,020)	
Net pension liability	(715,043)	
Premium on bond issuance	(41,904)	
Bonds payable, financne lease purchases, and compensated absences payable	<u>(2,299,236)</u>	<u>(3,061,203)</u>
Net position of governmental activities (Exhibit A)	\$	<u><u>3,621,111</u></u>

## TOWN OF WHITE CASTLE, LOUISIANA

### STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the year ended September 30, 2022

	General Fund	Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,912,403	\$ -	\$ -	\$ 2,912,403
Intergovernmental	374,541	-	67,701	442,242
License and permits	63,343	-	-	63,343
Fines	93,828	-	-	93,828
Other	54,297	720	1,817	56,834
	<u>3,498,412</u>	<u>720</u>	<u>69,518</u>	<u>3,568,650</u>
Total revenues				
<b>EXPENDITURES</b>				
Current function				
General government	892,832	-	-	892,832
Public safety	749,266	-	-	749,266
Streets and sanitation	645,430	-	-	645,430
Public health	-	-	69,518	69,518
Recreation	111,865	-	-	111,865
Debt service:				
Principal	12,390	160,000	-	172,390
Interest	1,128	49,941	-	51,069
Capital outlay	183,734	-	-	183,734
	<u>2,596,645</u>	<u>209,941</u>	<u>69,518</u>	<u>2,876,104</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>901,767</u>	<u>(209,221)</u>	<u>-</u>	<u>692,546</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	220,000	-	220,000
Transfers out	(485,000)	-	-	(485,000)
	<u>(485,000)</u>	<u>220,000</u>	<u>-</u>	<u>(265,000)</u>
Total other financing sources (uses)				
Net change in fund balance	416,767	10,779	-	427,546
<b>FUND BALANCE</b>				
Beginning of year	<u>403,628</u>	<u>239,994</u>	<u>525,444</u>	<u>1,169,066</u>
End of year	<u>\$ 820,395</u>	<u>\$ 250,773</u>	<u>\$ 525,444</u>	<u>\$ 1,596,612</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

### RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended September 30, 2022

The change in net position reported for governmental activities in the statement of activities is different because:

Net change in fund balances - total governmental funds (Exhibit A-4)	\$	427,546
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays.</p>		
Depreciation expense		(326,187)
Capital outlay		183,734
		(142,453)
<p>The liability and expense for compensated absences are not reported in governmental funds. Payments for compensated absences are reported as salaries when they occur. The payment consumes current financial resources, and it would take a catastrophic event for this liability to become a current liability.</p>		
		(6,945)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of activities.</p>		
Scheduled principal payments on debt		172,390
Amortization of deferred loss on refunding bonds		(9,116)
Amortization of bond premium		2,993
		166,267
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in accrued interest payable		1,807
Change in net pension obligations are reported only in the Statement of Activities		(23,909)
Change in net position of governmental activities (Exhibit A-1)	\$	422,313

Notes on Exhibit A-9 are an integral part of this statement.



## TOWN OF WHITE CASTLE, LOUISIANA

STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS

September 30, 2022

	Gas Utility Fund	Waterworks Utility Fund	Sewerage Utility Fund	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,232	\$ 2,929	\$ 2,329	\$ 8,490
Accounts receivable, net	62,841	63,273	55,642	181,756
Due from other funds	140,000	42,191	573,000	755,191
Inventories	2,188	3,804	-	5,992
Restricted cash	41,342	33,934	-	75,276
Total current assets	<u>249,603</u>	<u>146,131</u>	<u>630,971</u>	<u>1,026,705</u>
Long-term assets:				
Capital assets:				
Non-depreciable	-	9,000	31,588	40,588
Depreciable, net	7,161	1,753,213	693,875	2,454,249
Total long-term assets	<u>7,161</u>	<u>1,762,213</u>	<u>725,463</u>	<u>2,494,837</u>
Total assets	<u>256,764</u>	<u>1,908,344</u>	<u>1,356,434</u>	<u>3,521,542</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pension liability	27,447	27,447	-	54,894
Total assets and deferred outflows of resources	<u>\$ 284,211</u>	<u>\$ 1,935,791</u>	<u>\$ 1,356,434</u>	<u>\$ 3,576,436</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 22,158	\$ 58,527	\$ 28,632	\$ 109,317
Payroll and other accrued liabilities	1,279	9,104	152	10,535
Customer deposits	41,542	34,035	-	75,577
Due to other funds	238,313	913,869	124,949	1,277,131
Total current liabilities	<u>303,292</u>	<u>1,015,535</u>	<u>153,733</u>	<u>1,472,560</u>
Long-term liabilities:				
Due within one year	4,000	53,249	-	57,249
Due in more than one year:				
Accrued sick leave	1,040	1,723	-	2,763
Capital lease obligation	-	92,514	-	92,514
Net pension liability	107,002	107,002	-	214,004
Total long-term liabilities	<u>112,042</u>	<u>254,488</u>	<u>-</u>	<u>366,530</u>
Total liabilities	<u>415,334</u>	<u>1,270,023</u>	<u>153,733</u>	<u>1,839,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pension liability	6,638	6,638	-	13,276
<b>NET POSITION</b>				
Net investment in capital assets	7,161	1,623,450	725,463	2,356,074
Unrestricted	(144,922)	(964,320)	477,238	(632,004)
Total net position	<u>(137,761)</u>	<u>659,130</u>	<u>1,202,701</u>	<u>1,724,070</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 284,211</u>	<u>\$ 1,935,791</u>	<u>\$ 1,356,434</u>	<u>\$ 3,576,436</u>

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the year ended September 30, 2022

	<u>Gas Utility Fund</u>	<u>Waterworks Utility Fund</u>	<u>Sewerage Utility Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 272,770	\$ 240,363	\$ 280,679	\$ 793,812
Other	<u>721</u>	<u>334</u>	<u>258</u>	<u>1,313</u>
Total operating revenues	<u>273,491</u>	<u>240,697</u>	<u>280,937</u>	<u>795,125</u>
<b>OPERATING EXPENSES</b>				
Administration	132,834	190,051	131,376	454,261
Field	171,886	289,186	101,184	562,256
Depreciation	5,736	77,414	120,171	203,321
Gas purchases	<u>109,528</u>	<u>-</u>	<u>-</u>	<u>109,528</u>
Total operating expenses	<u>419,984</u>	<u>556,651</u>	<u>352,731</u>	<u>1,329,366</u>
Operating loss	<u>(146,493)</u>	<u>(315,954)</u>	<u>(71,794)</u>	<u>(534,241)</u>
<b>NON-OPERATING</b>				
Other contributions	3,542	3,542	-	7,084
Interest expense	<u>-</u>	<u>(4,622)</u>	<u>-</u>	<u>(4,622)</u>
Total non-operating, net	<u>3,542</u>	<u>(1,080)</u>	<u>-</u>	<u>2,462</u>
Loss before transfers	(142,951)	(317,034)	(71,794)	(531,779)
Transfers in	<u>85,000</u>	<u>180,000</u>	<u>-</u>	<u>265,000</u>
Change in net position	(57,951)	(137,034)	(71,794)	(266,779)
<b>NET POSITION</b>				
Beginning of year	<u>(79,810)</u>	<u>796,164</u>	<u>1,274,495</u>	<u>1,990,849</u>
Ending of year	<u>\$ (137,761)</u>	<u>\$ 659,130</u>	<u>\$ 1,202,701</u>	<u>\$ 1,724,070</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA**

**STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS**

For the year ended September 30, 2022

	<b>Gas Utility Fund</b>	<b>Waterworks Utility Fund</b>	<b>Sewerage Utility Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 263,767	\$ 191,915	\$ 285,709	\$ 741,391
Payments to suppliers for goods and services	(293,481)	(213,146)	(184,900)	(691,527)
Payments to employees for services and benefits	(121,027)	(235,683)	(33,804)	(390,514)
Other operating revenues	<u>721</u>	<u>334</u>	<u>258</u>	<u>1,313</u>
Net cash provided (used) by operating activities	<u>(150,020)</u>	<u>(256,580)</u>	<u>67,263</u>	<u>(339,337)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due to other funds	30,000	125,000	-	155,000
Due from other funds	10,000	64,869	(95,000)	(20,131)
Transfers in	<u>85,000</u>	<u>180,000</u>	<u>-</u>	<u>265,000</u>
Net cash provided (used) by noncapital financing activities	<u>125,000</u>	<u>369,869</u>	<u>(95,000)</u>	<u>399,869</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	-	(99,918)	-	(99,918)
Interest expense	-	(4,622)	-	(4,622)
Principal payments on debt	<u>-</u>	<u>(40,963)</u>	<u>-</u>	<u>(40,963)</u>
Net cash used for capital activities	<u>-</u>	<u>(145,503)</u>	<u>-</u>	<u>(145,503)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Redemption of certificates of deposit	<u>19,530</u>	<u>27,235</u>	<u>24,218</u>	<u>70,983</u>
Increase (decrease) in cash	(5,490)	(4,979)	(3,519)	(13,988)
<b>CASH AND CASH EQUIVALENTS, including restricted cash</b>				
Beginning of period	<u>50,064</u>	<u>41,842</u>	<u>5,848</u>	<u>97,754</u>
End of period	<u>\$ 44,574</u>	<u>\$ 36,863</u>	<u>\$ 2,329</u>	<u>\$ 83,766</u>

Notes on Exhibit A-9 are an integral part of this statement.

**TOWN OF WHITE CASTLE, LOUISIANA**

**STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS**

For the year ended September 30, 2022

	<b>Gas Utility Fund</b>	<b>Waterworks Utility Fund</b>	<b>Sewerage Utility Fund</b>	<b>Totals</b>
<b>RECONCILIATION OF CASH</b>				
Cash and cash equivalents	\$ 3,232	\$ 2,929	\$ 2,329	\$ 8,490
Restricted cash	41,342	33,934	-	75,276
Total cash	\$ 44,574	\$ 36,863	\$ 2,329	\$ 83,766
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>				
Operating loss	\$ (146,493)	\$ (315,954)	\$ (71,794)	\$ (534,241)
Adjustments of operating income (loss):				
Depreciation	5,736	77,414	120,171	203,321
Non-employer pension contributions	3,542	3,542	-	7,084
Change in operating assets and liabilities:				
Accounts receivable	(12,588)	(52,364)	5,030	(59,922)
Prepaid assets	1,819	1,819	1,820	5,458
Customer deposits	43	374	-	417
Inventory	1,094	1,902	-	2,996
Accounts payable and accrued expenses	4,281	34,060	12,036	50,377
Net pension liability and related deferred inflows and outflows	(7,454)	(7,455)	-	(14,909)
Net cash used by operating activities	\$ (150,020)	\$ (256,580)	\$ 67,263	\$ (339,337)

Notes on Exhibit A-9 are an integral part of this statement.

## TOWN OF WHITE CASTLE, LOUISIANA

### NOTES TO FINANCIAL STATEMENTS

September 30, 2022

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Statement Presentation**

The financial statements of the Town of White Castle, Louisiana (the Town) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town follows GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant features of the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section is provided which includes an analysis of the Town’s overall financial position and results of operations;
- Financial statements are prepared using full accrual accounting for all of the Town’s activities, including infrastructure (roads, bridges, etc.); and
- Fund financial statements with a focus on the major funds.

##### **Reporting Entity**

These financial statements present the Town as the primary government. For financial reporting purposes, the Town is controlled by or dependent on the Town's executive or legislative branches (the Mayor or the Town Council, respectively). Other organizations that are controlled by or dependent upon the Town would be included in this financial statement as component units. Control by or dependence on the Town is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general obligations of the Town, obligations of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town. There are no component units included in this financial statement.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

*White Castle Housing Authority*

The following related organization, a quasi-public corporation, is not part of the Town and thus is excluded from the accompanying financial statements:

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the White Castle Housing Authority (the Authority) is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt with HUD approval.

The Authority is a related organization of the Town of White Castle since the Town of White Castle appoints a voting majority of the Authority's governing board. The Town of White Castle is not financially accountable for the Housing Authority as it cannot impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the Town of White Castle. Accordingly, the Authority is not a component unit of the financial reporting entity of the Town of White Castle.

The Authority's operating and capital expenditures, including debt service, are financed from federal grants and tenant rentals. The Town has no involvement in the determination of the Authority's budget, rental rates, or any obligation for the Authority's outstanding debt and does not have the authority to remove board members or designate management. Financial transactions between the Town and the Authority, reported in the accompanying financial statements, reflect contractual agreements between the parties for the provision of specific services by the Town for the Authority. A financial statement for the Authority can be obtained from Mr. Don O'Bear, Executive Director, P.O. Box 58, White Castle, Louisiana 70788.

**Basis of Presentation**

The Town's basic financial statements consist of the government-wide statements of the primary government and the fund financial statements. The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

(Continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of Presentation (Continued)**

#### ***Government-wide Financial Statements***

The government-wide financial statements include the statement of net position and the statement of activities for all activities of the primary government (the Town). As a general rule, the effect of interfund activity has been removed from these statements, though interfund services provided and used are not eliminated in the process of consolidation. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These statements distinguish between the governmental and business-type activities of the government.

*Governmental activities* generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

*Business-type activities* are financed in whole or part by fees charged to external parties for utility services provided. The Town's gas, water, and sewer services are classified as business-type activities.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### ***Fund Financial Statements***

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB Statement 34. Emphasis is now on the major funds in either the governmental or business-type categories.

The daily operations of the Town continue to be organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance or net position, revenues and expenditures or expenses, as appropriate. Funds are organized into three major categories: governmental, proprietary and fiduciary. The Town does not have any fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

(Continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Basis of Presentation (Continued)

#### *Fund Financial Statements (Continued)*

A fund is considered major if it is the primary operating fund of the Town (the General Fund) or meets the following criteria:

- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 10% of the corresponding total for all funds of that category or type; and
- Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled.

The various funds of the primary government presented in the financial statements are described as follows:

#### *Governmental Fund Types*

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the Town are accounted for through governmental funds. Measurement is focused upon determining changes in financial position rather than net income. The following are the four governmental fund types of the Town:

***General Fund*** - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

***Special Revenue Funds*** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The Section 8 Fund is considered a nonmajor special revenue fund and accounts for resources granted by the Department of Housing and Urban Development (HUD) to provide housing assistance to low income families.

***Debt Service Funds*** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The Sinking Fund is considered a major debt service fund whereas the Reserve Fund is considered a nonmajor debt service fund for reporting purposes.

(Continued)



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Basis of Presentation (Continued)**

#### ***Governmental Fund Types (Continued)***

***Capital Projects Funds*** – Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. The 2008 Capital Project Fund is considered a nonmajor capital project fund for reporting purposes.

#### ***Proprietary Fund Types***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. There are two types of proprietary funds: enterprise and internal service; the Town does not have any internal service funds.

***Enterprise Funds*** – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises, that is, where the intent of the governing body is that the costs and 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 (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All of the Town's enterprise funds have been considered major funds.

### **Basis of Accounting and Measurement Focus**

#### ***Government-wide financial statements***

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied.

#### ***Fund financial statements***

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows, current liabilities, and deferred inflows are generally included in the balance sheet. Operating statements of these funds present increases (revenues and other sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Measurement Focus (Continued)**

***Fund financial statements (Continued)***

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end. Charges for services, fines and forfeitures, and most governmental miscellaneous revenues are recorded as earned since that is the time they are measurable and available.

Nonexchange transactions, in which the Town receives value without directly giving value in return, include sales tax, ad valorem tax, and federal and state aid and grants.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, become due on November 15<sup>th</sup> of each year, and become delinquent after December 31<sup>st</sup>. The taxes are generally collected in December, January, and February of the current fiscal year. Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time. Federal and state aid and grants are recorded as revenue when the Town is entitled to the funds, generally corresponding to when grant related costs are incurred by the Town.

Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) unmatured interest on general long-term debt, which is recognized when due, and (2) claims and judgments and compensated absences, which are recorded as expenditures in the governmental fund type when paid with expendable financial resources. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

All proprietary funds are accounted for on a flow of economic resources measurement focus. Proprietary funds are maintained on the accrual basis of accounting wherein revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable.

**Cash and Cash Equivalents**

A consolidated bank account has been established into which most monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of this consolidation of bank accounts is to provide administrative efficiency and to maximize investment earnings. The account entitled "Cash and cash equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account as well as its pro rata share of certificates of deposit with maturities of three months or less and the Louisiana Asset Management Pool (LAMP) account. Investment earnings are shared by each fund on a pro rata basis according to its average cash balance.

In addition, separate accounts have been established for certain debt service funds as required by bond resolution and state law. The Town also has an imprest account for disbursements of payroll.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Investments

The Town invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States treasury bonds, treasury notes, treasury bills, and fully collateralized interest-bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the Town has a custodial agreement. The Town primarily utilizes the LAMP to invest idle funds and records amounts invested at fair value.

Investments which are certificates of deposit with maturities in excess of three months are stated at cost, which is market value.

Investments with maturities of three months or less at the time of purchase are classified as cash equivalents.

### Accounts Receivable, Customer Credits and Bad Debts

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible amounts due for receivables are recognized as bad debts directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. In governmental fund types, the uncollectible amount is charged directly to the revenue reported. On the other hand, in proprietary fund types, uncollectible amounts due from utility billings are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. The allowance for doubtful accounts for the Gas, Waterworks, and Sewerage Funds were \$18,933, \$27,366, and \$26,247, respectively, as of September 30, 2022.

### Lease Asset Receivable

Lease asset receivables are a result of leases in which the Town has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the Town as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government-wide financial statements at present value of the lease payments to be received during the lease term. Additionally, the Town would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of agreement entered into in which the Town is the lessor are retained as capital assets of the Town and are reported in the government-wide financial statements as described under Capital Assets. The Town has not entered into any agreements delivering control of a right of use a nonfinancial asset to a lessee as described above at September 30, 2022.

(Continued)

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Interfund Transactions

During the course of operations numerous transactions occur between individual funds. Those related to short-term borrowings are classified as “due from other funds” or “due to other funds” on the balance sheet and result primarily from participation in the consolidated cash account. Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position. See Note 9 and 10 for details of interfund transactions, including receivables and payables at year-end. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Transfers between funds are included in the budgets of such funds. In those cases where repayment is expected, the advances are accounted for through the various interfund accounts.

### Restricted Cash

Restricted cash on the Statement of Net Position represents (1) amounts which have been designated to meet unexpected contingencies for property repairs and replacements, (2) funds held for customer deposits, and (3) funds held for retirement of sales tax revenue bonds and/or public improvement bonds. Restricted cash consists of \$75,276 in Customer deposits; with \$33,934 allocated to Waterworks Utility Fund and \$41,342 to the Gas Utility Fund. Cash restricted for debt service was \$155,348 for governmental activities at September 30, 2022.

### Inventory

In the primary government’s governmental fund types, inventories of supplies are recorded as expenditures at the time of purchase.

Inventories related to the primary government’s business-type activities are stated at cost that approximates market value using the first-in first-out method.

### Prepaid Expenses

In the primary government’s governmental fund types, insurance expenses are recorded as expenditures at the time of consumption.

### Capital Assets

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

### Right of Use Assets

Right of use assets are a result of leases in which the Town has entered into a contract with a lessor that conveys control of the right to the use the lessor’s nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statements net of amortization. Right of use assets are amortized at the lessor of the useful life or lease term. The Town has not entered into any agreements gaining control of the right to use a lessor’s nonfinancial asset as described above at September 30, 2022.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

***Government-wide Statements***

In the government-wide financial statements, plant, property, and equipment are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, which are reported at acquisition value. Major outlays for capital assets and improvements are capitalized at completion of the construction projects. The Town's capitalization policy stipulates a capitalization threshold of \$1,000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

Infrastructure assets are comprised of the streets and drainage maintained by the Town and have been valued at estimated historical cost or historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the capital assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	25 – 40 years
Equipment and vehicles	5 – 20 years
Improvements other than buildings	10 – 30 years
Infrastructure	20 – 40 years

***Fund Financial Statements***

In the fund financial statements capital assets used in governmental fund operations are not capitalized. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds.

Property, plant and equipment used by the proprietary funds are stated at cost. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Distribution systems	5 – 50 years
Machinery, meters, equipment and vehicles	5 years

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Long-term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

### ***Government-wide Statements and Proprietary Fund Net Position***

In the government-wide statement of net position and in the proprietary fund types' financial statements, long-term debt is reported as a liability. The long-term debt consists primarily of public improvement sales tax revenue bonds and finance equipment purchases.

### ***Fund Financial Statements***

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. Instead, the debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary fund debt is the same in the fund statements as it is in the government-wide statements.

### **Compensated Absences**

All full time employees of the Town are entitled to annual vacation and sick leave with pay. Vacation leave entitlement does not carry over at the end of a year. Employees are able to accrue unused sick leave without limitation; however, the Town is liable to pay only 30 days of unused sick leave upon retirement. The liability for these compensated absences is recorded as other accrued liabilities in the government-wide statements and proprietary fund. The current portion of this debt is estimated based on historical trends. In the fund financial statements, vacation and sick leave payments are included in expenditures for the General Fund, Gas and Water Utility Funds when the payments are made to employees. The proprietary funds present on an accrual basis the amount of earned but unused sick leave estimated to be payable in future periods.

### **Government-wide and Proprietary Fund Net Position**

Government-wide and proprietary fund net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position—consist of net position that are restricted by the Town's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted—all other net position is reported in this category.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Government-wide and Proprietary Fund Net Position (Continued)

#### *Use of Restricted Resources*

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to reduce restricted net position followed by unrestricted net position.

### Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- **Nonspendable:** Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- **Restricted:** Amounts that can be spent only for specific purposes because of the Town Charter, state or federal laws, or externally imposed conditions by grantors or creditors.
- **Committed:** Amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance.
- **Assigned:** Amounts that are designated by the Mayor for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by Town Council.
- **Unassigned:** All amounts not included in other spendable classifications. The General Fund is the only fund that can have a positive unassigned fund balance.

### Use of Restricted Fund Balance

When an expenditure is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Town has two items that qualify for this category; pension liability and deferred loss on refunding, which are reported in the government-wide statement.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Outflows and Inflows of Resources (Continued)**

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Town has two items that qualify for this category; pension liability and unearned revenues. The amounts deferred are recognized as an inflow of resources in the period that the amounts become available.

**Budget Policy and Budgetary Accounting**

A proposed budget is prepared by the Mayor and submitted to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the adoption of the budget year.

The annual operating budget, prepared on the modified-accrual basis, covers the general, special revenue, debt service, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

The financial transactions of the debt service funds are comparable to the budgeted revenues, expenditures and other financing sources (uses) adopted by the Town Council. Accordingly, individual budget comparisons are not presented in this financial report.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation, prepaid insurance, deferred outflows and inflows of resources, and net pension liability, and compensated absences.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Current Accounting Standards Implemented**

During the year, the Town implemented policies established under GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of the financial statement users by improving the accounting and financial reporting for leases by governments. The Statement requires all leases (contracts that conveys control of the right to use another entity’s nonfinancial asset as specified in the contract for a period of time in an exchange-like transaction) to be reported under a single accounting model for both lessors and lessees. Certain leases that were previously classified as operating leases are to be recognized as leases assets and liabilities. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The adoption of this statement did not materially impact the Town’s governmental or business type activities for the year ended September 30, 2022.

**Subsequent Events**

In preparing the financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors’ report, March 27, 2023, which was the date the financial statements were available to be issued.

**NOTE 2 - CASH AND INVESTMENTS**

The Town may invest in United States bonds, treasury notes, or certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal office in the State of Louisiana or other qualifying federally insured investments.

Custodial credit risk is the risk that in the event of a financial institution failure, the Town’s deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. As of September 30, 2022, the Town was not exposed to any custodial credit risk.

Deposit balances (bank balances) at September 30, 2022, were secured as follows:

	Bank Balances
Federal deposit insurance	\$ 528,436
Funds not subject to categorization:	
Louisiana Asset Management Pool (LAMP)	12,915
Bank Balances	\$ 541,351

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pools of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955. The value of the portfolio is carried at amortized cost. As of September 30, 2022, the Town had a balance of \$12,915 invested in LAMP.

LAMP is an investment pool that, to the extent practical, invest in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (53 days) from LAMP's monthly Portfolio Holdings as of September 30, 2022.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

**NOTE 3 - DUE FROM OTHER GOVERNMENTS**

Due from other governments at September 30, 2022, consists of the following:

<b>Primary Government</b>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Parish of Iberville, Louisiana - Sales tax	\$ 537,502	\$ -	\$ 537,502
State of Louisiana - American Rescue Plan Act - Grant	313,220	-	313,220
State of Louisiana - Video poker	<u>467</u>	<u>-</u>	<u>467</u>
Total primary government	<u>\$ 851,189</u>	<u>\$ -</u>	<u>\$ 851,189</u>

**NOTE 4 - AD VALOREM TAXES**

The 1974 Louisiana Constitution (Article 7, Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, be assessed at 15% of fair market value; and public service properties, excluding land, be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (La. R.S. 47:1957). The correctness of assessments by the assessor is subject to review and certification by the Louisiana Tax Commission. The assessor is required to reappraise all property subject to taxation at intervals of not more than four years.

All ad valorem taxes are recorded in governmental funds, as explained in Note 1 above, the revenues from which are recognized in the accounting period in which they become available and measurable. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Accordingly, the taxes assessed for the calendar year falling within the current fiscal year are recorded as revenue.

For the year ended September 30, 2022, taxes of 6.98 mills for the general fund were levied on property with assessed valuations totaling \$4,300,770. Total taxes assessed of \$30,019 were levied On September 15, 2021, and were due and payable prior to December 31, 2021.

**NOTE 5 - CAPITAL ASSETS**

A summary of changes in capital assets for the primary government for the year ended September 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 321,833	\$ -	\$ -	\$ 321,833
Construction in progress	<u>99,966</u>	<u>-</u>	<u>-</u>	<u>99,966</u>
Total capital assets not being depreciated	<u>421,799</u>	<u>-</u>	<u>-</u>	<u>421,799</u>
 <b>Capital assets being depreciated:</b>				
Building and improvements	2,703,365	28,982	-	2,732,347
Equipment and vehicles	2,531,100	44,999	-	2,576,099
Improvements other than buildings	951,020	97,753	-	1,048,773
Infrastructure	<u>9,588,617</u>	<u>12,000</u>	<u>-</u>	<u>9,600,617</u>
Total capital assets being depreciated	<u>15,774,102</u>	<u>183,734</u>	<u>-</u>	<u>15,957,836</u>
 Less accumulated depreciation for:				
Building and improvements	1,634,344	47,809	-	1,682,153
Equipment and vehicles	2,332,099	75,514	-	2,407,613
Improvements other than buildings	680,610	38,549	-	719,159
Infrastructure	<u>6,652,680</u>	<u>164,315</u>	<u>-</u>	<u>6,816,995</u>
Total accumulated depreciation	<u>11,299,732</u>	<u>326,187</u>	<u>-</u>	<u>11,625,919</u>
 Total capital assets being depreciated net of accumulated depreciation	 <u>4,474,370</u>	 <u>(142,453)</u>	 <u>-</u>	 <u>4,331,917</u>
 Governmental activities capital assets, net	 <u>\$ 4,896,169</u>	 <u>\$ (142,453)</u>	 <u>\$ -</u>	 <u>\$ 4,753,716</u>

Depreciation expense was charged to functions of the primary government as follows:

	Amount
<b>Governmental activities:</b>	
Streets and sanitation	\$ 99,704
Public safety	27,131
General government	34,981
Recreation	<u>164,371</u>
 Total depreciation expense - governmental activities	 <u>\$ 326,187</u>

(Continued)

**NOTE 5 - CAPITAL ASSETS (CONTINUED)**

	Ending Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 40,588	\$ -	\$ -	\$ 40,588
<b>Capital assets being depreciated:</b>				
Distribution systems	7,460,830	99,918	9,990	7,550,758
Machinery, equipment, and vehicles	920,064	-	-	920,064
Total capital assets being depreciated	8,380,894	99,918	9,990	8,470,822
Less accumulated depreciation for:				
Distribution systems	5,204,711	138,128	9,990	5,332,849
Machinery, equipment and vehicles	618,531	65,193	-	683,724
Total accumulated depreciation	5,823,331	203,321	9,990	6,016,573
Total capital assets being depreciated net of accumulated depreciation	2,557,563	(103,403)	-	2,454,249
Business-type activities capital assets, net	\$ 2,598,151	\$ (103,403)	\$ -	\$ 2,494,837

**Lease Liabilities**

***Business Activities***

As of September 30, 2022 the Town's Waterworks Utility Fund has capitalized equipment acquired through a finance lease purchase with a cost of \$221,439 and corresponding accumulated depreciation of \$12,917. Depreciation expense for these assets was \$23,989 in 2022.

(Continued)

**NOTE 6 - LONG-TERM LIABILITIES**

**Debt Outstanding**

The following is a summary of long-term debt and liability transactions of the Town for the year ended September 30, 2022.

	September 30, 2021	Additions	Reductions	September 30, 2022	Due Within One Year
<b>Governmental activities:</b>					
Public improvement bonds	\$ 2,375,000	\$ -	\$ 160,000	\$ 2,215,000	\$ 180,000
Premium on bond issuance	44,897	-	2,993	41,904	-
Finance lease purchase	58,409	-	12,390	46,019	31,105
Net pension liability	458,048	351,702	94,707	715,043	-
Accrued sick leave	<u>31,272</u>	<u>20,880</u>	<u>13,935</u>	<u>38,217</u>	<u>34,000</u>
Total	<u>\$ 2,967,626</u>	<u>\$ 372,582</u>	<u>\$ 284,025</u>	<u>\$ 3,056,183</u>	<u>\$ 245,105</u>
	September 30, 2021	Additions	Reductions	September 30, 2022	Due Within One Year
<b>Business-type activities:</b>					
Net pension liability	\$ 138,438	\$ 114,212	\$ 38,646	\$ 214,004	\$ -
Finance lease purchase	179,726	-	42,963	136,763	44,249
Accrued sick leave	<u>13,681</u>	<u>5,784</u>	<u>3,702</u>	<u>15,763</u>	<u>13,000</u>
Total	<u>\$ 331,845</u>	<u>\$ 119,996</u>	<u>\$ 85,311</u>	<u>\$ 366,530</u>	<u>\$ 57,249</u>

(Continued)

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**Debt Outstanding (Continued)**

***Public Improvement Bonds***

The General fund has been used in prior years to liquidate the Town's net pension liabilities. Long-term liabilities for the primary government for governmental activities at September 30, 2022, is comprised of the following:

\$2,375,000 Public Improvement sales tax refunding bond dated August 2021, due in annual installments of \$160,000 to \$225,000 through 2033; interest at 2.0 to 3.0%.	\$2,215,000
<i>Net pension liability</i>	715,043
<i>Bond Premium, net of accumulated amortization</i>	41,904
<i>Finance lease purchase</i>	46,019
<i>Accrued sick leave</i>	<u>38,217</u>
Total long-term debt from governmental activities	<u>\$ 3,056,183</u>

Long-term debt obligations for the primary government for business-type activities at September 30, 2022, is comprised of the following:

<i>Net pension liability</i>	\$ 214,004
<i>Finance lease purchase</i>	136,763
<i>Accrued sick leave</i>	<u>14,321</u>
Total long-term debt from business-type activities	<u>\$ 365,088</u>

(Continued)

**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**Debt Service Requirements to Maturity**

The annual requirements to amortize debt outstanding for governmental activities at September 30, 2022, are as follows:

Year	Public Improvement Bonds		Finance Lease Purchase		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	180,000	50,150	31,105	2,106	211,105	52,256
2024	185,000	46,550	11,449	139	196,449	46,689
2025	185,000	42,850	-	-	185,000	42,850
2026	190,000	39,150	-	-	190,000	39,150
2027	195,000	33,450	-	-	195,000	33,450
2028-2032	1,055,000	88,700	-	-	1,055,000	88,700
2033	225,000	4,500	-	-	225,000	4,500
	<u>\$ 2,215,000</u>	<u>\$ 305,350</u>	<u>\$ 42,554</u>	<u>\$ 2,245</u>	<u>\$ 2,257,554</u>	<u>\$ 307,595</u>

The annual requirements to amortize debt outstanding for business-type activities at September 30, 2022, are as follows:

Year	Finance Lease Purchase	
	Principal	Interest
2023	44,249	4,096
2024	45,575	2,771
2025	46,939	1,406
	<u>\$ 136,763</u>	<u>\$ 8,273</u>

Normally debt issues are not retired prior to their maturity. For accounting purposes, interest coupons issued in connection with the sale of various bond issues become obligations and expenditures of the Town only with the passage of time. In addition, they represent fixed and determinable obligations which must be retired from future revenues.

There are no outstanding bonds secured by ad valorem taxes of the Town as of September 30, 2022.

**Bond Restrictions**

Under the terms of the indenture authorizing the issuance of Sales Tax Revenue Refunding Bonds – Series 2021, proceeds of the 1% parish sales and use tax are pledged and dedicated for the establishment and maintenance of the following bond funds:

***Sales Tax Revenue Bond – Series 2021 – Sinking Fund*** to be used for the payment of principal and interest on the outstanding bond as they are due and payable. Monthly payments are equal to the sum of one-sixth of interest falling due on the next interest payment date and one-twelfth of principal falling due on the next principal payment date.



**NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)**

**Bond Restrictions (Continued)**

**Town of White Castle Sales Tax Revenue Refunding Bonds**

*Sales Tax Revenue Bond – Series 2021 – Reserve Fund* to be used solely for the purpose of paying principal and interest on the bond from the Bond Sinking Fund in case of default. The sum of \$115,979 has been deposited into this fund to satisfy this requirement.

**NOTE 7 - DEDICATED REVENUES**

Proceeds of the Iberville Parish sales and use tax were dedicated to the following purposes as of September 30, 2022:

Opening, constructing, paving, and improving streets, sidewalks, roads and alleys; constructing bridges; purchasing or constructing water works, sewers, drains, drainage canals, pumping plants, sewerage disposal works, light and power plants, gas plants, halls, jails, fire department stations, hospitals, auditoriums, public parks, natatoriums, libraries, docks, wharves, river terminals, and other public buildings, including the necessary equipment and furnishings thereof; or for any one or more such purposes, or as budgeted.

Consistent with this dedication, sales tax revenues reported in the General Fund will be used to retire Sales Tax Revenue Refunding – Series 2021. See Note 6.

**NOTE 8 - PENSION PLAN**

The Town is a participating employer in two cost-sharing defined benefit pension plans. These plans are administered by the Municipal Employee’s Retirement System of Louisiana (MERS) and Municipal Police Employee’s Retirement System (MPERS). Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of these plans to the State Legislature. Each system is administered by a separate board of trustees.

Each System issues an annual financial report that is available to the public which includes financial statements and required supplementary information for the Systems. These reports may be obtained by writing, calling, or downloading the reports as follows:

**MERS:** 7937 Office Park Boulevard | Baton Rouge, Louisiana 70809 | [www.mersla.com](http://www.mersla.com)  
**MPERS:** 7722 Office Park Boulevard | Baton Rouge, Louisiana 70809 | [www.lampers.org](http://www.lampers.org)

(Continued)

**NOTE 8 - PENSION PLAN (CONTINUED)**

The Town implemented 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 City to record its proportional share of each of the pension plans Net Pension Liability and report the following disclosures:

**Municipal Employees’ Retirement System of Louisiana (MERS)**

The Municipal Employees' Retirement System of Louisiana (MERS) is the administrator of a cost sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. 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. The Town of White Castle is a participant in Plan B only.

**Municipal Police Employees’ Retirement System (MPERS)**

The Municipal Police Employees' Retirement System (MPERS) is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers.

**Funding Policy**

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer’s portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems’ Actuarial Committee (PRSAC).

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the year ended September 30, 2022, for the Town and covered employees were as follows:

<u>Plan</u>	<u>Town</u>	<u>Employees</u>
MERS (Plan B)	15.50%	5.00%
MPERS	29.75%	8.00%

(Continued)

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Funding Policy (Continued)**

The contributions made to the Systems for the past three fiscal years were as followed:

Plan	2022	2021	2020
MERS (Plan B)	\$ 76,093	\$ 71,224	\$ 70,743
MPERS	<u>49,051</u>	<u>41,492</u>	<u>36,089</u>
Total	<u>\$ 125,144</u>	<u>\$ 112,716</u>	<u>\$ 106,832</u>

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

The following schedule lists the Town’s proportionate share of the Net Pension Liability allocated by each of the pension plans for based on the June 30, 2022 measurement date. The Town uses this measurement to record its Net Pension Liability and associated amounts as of September 30, 2022 in accordance with GASB Statement 68. The schedule also includes the proportionate share allocation rate used at June 30, 2022 along with the change compared to the June 30, 2021 rate. The Town’s proportion of the Net Pension Liability was based on a projection of the Agency’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

	Net Pension Liability at June 30, 2022	Current Measurement Rate	Previous Measurement Rate	Increase (Decrease)
MERS	\$ 535,008	0.6094%	0.5974%	0.012%
MPERS	<u>394,039</u>	0.0385%	0.0470%	-0.008%
Total	<u>\$ 929,047</u>			

The following schedule lists each pension plan’s recognized pension expense (benefit) for the Town for the year ended September 30, 2022:

Municipal Employees' Retirement Fund	\$ 82,835
Municipal Police Employees' Retirement Fund	<u>65,518</u>
Total	<u>\$ 148,353</u>

(Continued)

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At September 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Outflows of Resources:</b>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ -	\$ 1,943	\$ 1,943
Changes of assumptions	5,720	13,592	19,312
Net difference between projected and actual earnings on pension plan investments	98,393	70,348	168,741
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,857	89,639	95,496
Differences between allocated and actual contributions	-	10,198	10,198
Employer contributions subsequent to the measurement date	<u>27,266</u>	<u>10,782</u>	<u>38,048</u>
Total	<u>\$ 137,236</u>	<u>\$ 196,502</u>	<u>\$ 333,738</u>

<b>Deferred Inflows of Resources:</b>	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 6,808	\$ 3,212	\$ 10,020
Changes of assumptions	-	2,931	2,931
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	<u>26,383</u>	<u>47,670</u>	<u>74,053</u>
Total	<u>\$ 33,191</u>	<u>\$ 53,813</u>	<u>\$ 87,004</u>

Summary totals of deferred outflows of resources and deferred inflows of resources by pension plan:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement Fund	\$ 137,236	\$ 33,191
Municipal Police Employees' Retirement Fund	<u>196,502</u>	<u>53,813</u>
	<u>\$ 333,738</u>	<u>\$ 87,004</u>

(Continued)

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The Town reported a total of \$38,048 as deferred outflows of resources related to pension contributions made subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction in net pension liability in the plan year ended June 30, 2023. The following schedule lists the pension contributions made subsequent to the measurement period for each pension plan:

	Subsequent Contributions
Municipal Employees' Retirement Fund	\$ 27,266
Municipal Police Employees' Retirement Fund	10,782
	\$ 38,048

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

Year	MERS	MPERS	Total
2023	\$ (104)	\$ 61,255	\$ 61,151
2024	22,142	41,750	63,892
2025	10,607	(7,999)	2,608
2026	44,135	36,899	81,034
	\$ 76,780	\$ 131,906	\$ 208,686

**Actuarial Methods and Assumptions**

**MERS**

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experienced study, for the period July 2013 through June 30, 2018.

**MPERS**

The actuarial assumptions used in the June 30, 2022 valuation were based on the assumptions used in the June 30, 2022 actuarial finding valuation and were based on the results of an actuarial experience study for the period of July 1, 2014 through June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experiences.

(Continued)

**NOTE 8 - PENSION PLAN (CONTINUED)**

**Actuarial Methods and Assumptions (Continued)**

A summary of the actuarial methods and assumptions used in determining the total pension liability for each pension plan as of June 30, 2022 are as follows:

	<u>Measurement/ Valuation Date</u>	<u>Expected Remaining Service Lives</u>	<u>Investment Rate of Return</u>
<b>MERS</b>	June 30, 2022	3 years	6.85%; net of pension plan investment expense, including inflation
<b>MPERS</b>	June 30, 2022	4 years	6.75%; net of investment expense

***Mortality:***

**MERS**

PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

**MPERS**

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

Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

***Salary Increases:***

**MERS (Plan B)**

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-4	7.40%
Over 4	4.90%

**MPERS**

<u>Years of Service</u>	<u>Salary Growth Rate</u>
1-2	12.30%
Over 2	4.70%

## **NOTE 8 - PENSION PLAN (CONTINUED)**

### ***Cost of Living Adjustments:***

#### **MERS**

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.

#### **MPERS**

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.

### ***Discount Rate:***

The following methods used by each of the retirement systems in determining the long term rate of return on pension plan investments:

#### **MERS**

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 of 2.6% and an adjustment for the effect of rebalancing /diversification. The resulting expected long-term rate of return is 6.95% for the plan year ended June 30, 2022.

#### **MPERS**

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected 2.66% inflation of and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.06% for the plan year ended June 30, 2022.

**NOTE 8 - PENSION PLAN (CONTINUED)**

***Discount Rate (Continued):***

The following table provides a summary of the best estimates of arithmetic/geometric real rates of return for each major asset class included in each of the Retirement Systems target asset allocations as of June 30, 2022:

Asset Class	Target Allocation		Long - Term Expected Real Rate of Return	
	MERS	MPERS	MERS	MPERS
Public Equity	53.00%	-	2.31%	-
Equity	-	55.50%	-	3.60%
Public Fixed Income	38.00%	-	1.65%	-
Fixed Income	-	30.50%	-	0.85%
Alternatives	9.00%	14.00%	0.39%	0.95%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>3.96%</u>	<u>5.40%</u>
Inflation			<u>2.60%</u>	<u>2.66%</u>
Expected Arithmetic Nominal Return			<u>6.95%</u>	<u>8.06%</u>

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS and MPERS were both 6.85% and 6.75% for the year ended June 30, 2022.

**Sensitivity of the Employer's Proportionate Share of Net Pension Liability to Changes in the Discount Rate**

The following table presents the Town's proportionate share of the Net Pension Liability (NPL) using the discount rate of each Retirement System as well as what the Town's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	1.0% Decrease	Current Discount Rate	1.0% Increase
<b>MERS</b>			
Discount Rates	5.85%	6.85%	7.85%
Shares of Net Pension Liability	\$ 729,316	\$ 535,008	\$ 370,668



**NOTE 8 - PENSION PLAN (CONTINUED)**

**Sensitivity of the Employer's Proportionate Share of Net Pension Liability to Changes in the Discount Rate (Continued)**

	1.0% Decrease	Current Discount Rate	1.0% Increase
<b>MPERS</b>			
Discount Rates	5.75%	6.75%	7.75%
Shares of Net Pension Liability	\$ 551,579	\$ 394,039	\$ 262,441

**NOTE 9 - INTERFUND RECEIVABLE AND PAYABLE BALANCES**

Interfund balances at September 30, 2022, were as follows:

	Receivable	Payable
<b>Governmental Activities:</b>		
General Fund:		
Sinking Fund	\$ 25,000	\$ -
Capital Project Fund	-	255,000
Gas Utility Fund	148,313	-
Water Utility Fund	-	42,191
Sewerage Utility Fund	24,949	-
Total General Fund	198,262	297,191
Sinking Fund:		
General Fund	-	25,000
Capital Projects	-	30,695
Reserve Fund	-	80,749
Water Utility Fund	131,869	-
Sewerage Utility Fund	100,000	-
Total Sinking Fund	231,869	136,444
Reserve Fund:		
Sinking Fund	80,749	-
Water Utility Fund	159,000	-
Total Reserve Fund	239,749	-
Capital Project Fund:		
General Fund	255,000	-
Sinking Fund	30,695	-
Total Capital Project	285,695	-
Total Governmental Activities	955,575	433,635

**NOTE 9 - INTERFUND RECEIVABLE AND PAYABLE BALANCES (CONTINUED)**

Interfund balances at September 30, 2022, were as follows

	Receivable	Payable
<b>Business-type Activities:</b>		
Gas Utility Fund:		
General Fund	-	148,313
Water Utility Fund	140,000	-
Sewerage Utility Fund	-	90,000
Total Gas Utility Fund	140,000	238,313
Water Utility Fund:		
General Fund	42,191	-
Sinking Fund	-	131,869
Reserve Fund	-	159,000
Sewerage Utility Fund	-	483,000
Gas Fund	-	140,000
Total Water Utility Fund	42,191	913,869
Sewerage Utility Fund:		
General Fund	-	24,949
Sinking Fund	-	100,000
Gas Utility Fund	90,000	-
Water Utility Fund	483,000	-
Total Sewerage Utility Fund	573,000	124,949
Total Business-type Activities	755,191	1,277,131
Total primary government	\$ 1,710,766	\$ 1,710,766

The interfund balances are related to short-term borrowing between funds that is expected to be repaid within the next fiscal year. Balances are typically associated with expenses paid on behalf of one fund through another, where repayment has not yet been made.

**NOTE 10 - INTERFUND TRANSFERS**

**Interfund Transfers**

Interfund transfers for the year ended September 30, 2022, were as follows:

	Transfers	
	In	Out
<b>Governmental Activities:</b>		
General Fund:		
Sinking Fund	\$ -	\$ 220,000
Water Utility Fund	-	180,000
Gas Utility Fund	-	85,000
Total General Fund	-	485,000
Sinking Fund:		
General Fund	220,000	-
Total Governmental Activities	220,000	485,000
<b>Business-type Activities:</b>		
Gas Utility Fund:		
General Fund	85,000	-
Water Utility Fund:		
General Fund	180,000	-
Total Business-type Activities	265,000	-
Total primary government	485,000	485,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service funds from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 11 - COMPENSATION TO GOVERNING BODY**

The Town compensated the members of the Town’s Council as follows:

<u>Name</u>	<u>Amount</u>
Kipp Knight	\$ 10,200
Erick Batiste	10,200
Melissa Allen	10,200
Candice Depron	10,200
Mervin Allen	<u>10,200</u>
Total	<u>\$ 51,000</u>

**NOTE 12 - COMMITMENTS AND CONTINGENCIES**

**Litigation**

Several suits arising from operation of the police department have been filed against the Town. The cases are covered by insurance; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of Town management that the ultimate resolution of such litigation will not have a material effect on the financial position of the Town. The Town is vigorously defending these matters.

**Grants and Loans**

The Town receives federal, state and local grants and loans for specific purposes that are subject to audit by the funding agencies. Such audits could lead to requests for reimbursement to the agency for expenditures disallowed under terms of the agreement. It is the opinion of Town management that the Town’s compliance with the terms of the agreements will result in no disallowed costs.

**Risk Management**

The Town is exposed to various risks of losses related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters, for which the Town carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the current year or in the past three years.

**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes:				
Sales	\$ 2,300,000	\$ 2,525,000	\$ 2,830,971	\$ 305,971
Ad valorem	38,500	30,000	29,489	(511)
Public utility franchise	24,000	27,000	29,804	2,804
Video poker	7,500	7,500	7,437	(63)
Cable T.V. franchise	13,500	13,500	12,465	(1,035)
Beer	3,000	3,000	2,237	(763)
Licenses and permits	85,000	85,000	63,343	(21,657)
Intergovernmental:				
Federal grants	3,222,710	322,710	313,729	(8,981)
Local housing authority	32,000	35,000	35,084	84
Fines	60,000	95,000	93,828	(1,172)
Other:				
Lease and royalty	12,000	12,000	10,270	(1,730)
Interest	2,000	500	2,517	2,017
Miscellaneous	15,000	15,000	67,238	52,238
Total revenues	<u>5,815,210</u>	<u>3,171,210</u>	<u>3,498,412</u>	<u>327,202</u>
<b>EXPENDITURES</b>				
Current function:				
General government	641,400	749,642	892,832	(143,190)
Public safety	705,930	785,830	749,266	36,564
Streets and sanitation	576,620	688,120	645,430	42,690
Recreation	74,090	103,290	111,865	(8,575)
Debt service	-	-	13,518	(13,518)
Capital outlay	2,947,400	161,400	183,734	(22,334)
Total expenditures	<u>4,945,440</u>	<u>2,488,282</u>	<u>2,596,645</u>	<u>(108,363)</u>
Excess of revenues over expenditures	869,770	682,928	901,767	218,839
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	375,000	-	-	-
Transfers out	-	(375,000)	(485,000)	110,000
Total other financing sources (uses)	<u>375,000</u>	<u>(375,000)</u>	<u>(485,000)</u>	<u>110,000</u>
Net change in fund balance	<u>\$ 1,244,770</u>	<u>\$ 307,928</u>	\$ 416,767	<u>\$ 328,839</u>
<b>FUND BALANCE</b>				
Beginning of year			403,628	
End of year			<u>\$ 820,395</u>	

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS (1)(2)**

<b>As of the fiscal year ended (2022):</b>	<b>2022</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.6094%	0.0385%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 535,008	\$ 394,039
Employer's Covered Payroll	\$ 553,640	\$ 159,349
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	96.63%	247.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.56%	70.80%
<b>As of the fiscal year ended (2021):</b>	<b>2021</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.5974%	0.0470%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 346,094	\$ 250,392
Employer's Covered Payroll	\$ 498,187	\$ 131,117
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	69.47%	190.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.14%	84.09%
<b>As of the fiscal year ended (2020):</b>	<b>2020</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.6970%	0.0305%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 631,625	\$ 281,993
Employer's Covered Payroll	\$ 513,600	\$ 120,976
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	122.98%	233.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.26%	70.94%
<b>As of the fiscal year ended (2019):</b>	<b>2019</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Employer's Proportion of the Net Pension Liability (Asset)	0.6739%	0.0210%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 589,584	\$ 190,597
Employer's Covered Payroll	\$ 515,652	\$ 47,124
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	114.34%	404.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.68%	71.01%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the Plan's prior June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF NET PENSION LIABILITY**  
**LAST TEN FISCAL YEARS (1)(2)**

<b>As of the fiscal year ended (2018):</b>	<b>2018</b>	
	<u><b>MERS (Plan B)</b></u>	<u><b>MPERS</b></u>
Employer's Proportion of the Net Pension Liability (Asset)	0.6830%	0.0229%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 577,458	\$ 193,302
Employer's Covered Payroll	\$ 561,456	\$ 60,399
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	102.85%	320.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.60%	71.88%

<b>As of the fiscal year ended (2017):</b>	<b>2017</b>	
	<u><b>MERS (Plan B)</b></u>	<u><b>MPERS</b></u>
Employer's Proportion of the Net Pension Liability (Asset)	0.6454%	0.0279%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 558,404	\$ 243,378
Employer's Covered Payroll	\$ 486,678	\$ 72,337
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	114.74%	336.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.08%	63.49%

<b>As of the fiscal year ended (2016):</b>	<b>2016</b>	
	<u><b>MERS (Plan B)</b></u>	<u><b>MPERS</b></u>
Employer's Proportion of the Net Pension Liability (Asset)	0.7180%	0.0023%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 595,116	\$ 21,520
Employer's Covered Payroll	\$ 509,077	\$ 6,023
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	116.90%	357.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.34%	66.04%

<b>As of the fiscal year ended (2015):</b>	<b>2015</b>	
	<u><b>MERS (Plan B)</b></u>	<u><b>MPERS</b></u>
Employer's Proportion of the Net Pension Liability (Asset)	0.7000%	0.0000%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 476,062	\$ -
Employer's Covered Payroll	\$ 486,021	\$ -
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	97.95%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.71%	0.00%

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

(2) The amounts presented have a measurement date of the Plan's prior June 30th fiscal year end.

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan B) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS (1)**

	<b>2022</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 76,109	\$ 35,454
Contributions in Relation to Contractually Required Contribution	<u>76,109</u>	<u>35,454</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	426,222	129,822
Contributions as a % of Covered Payroll	15.50%	31.25%
	<b>2021</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 70,101	\$ 40,271
Contributions in Relation to Contractually Required Contribution	<u>70,101</u>	<u>40,271</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	452,263	119,321
Contributions as a % of Covered Payroll	15.50%	33.75%
	<b>2020</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 75,174	\$ 44,140
Contributions in Relation to Contractually Required Contribution	<u>75,174</u>	<u>44,140</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	536,955	135,815
Contributions as a % of Covered Payroll	14.00%	32.50%
	<b>2019</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 62,798	\$ 20,902
Contributions in Relation to Contractually Required Contribution	<u>72,130</u>	<u>20,902</u>
Contribution Deficiency (Excess)	\$ (9,332)	\$ -
Employer's Covered Payroll	448,559	64,313
Contributions as a % of Covered Payroll	14.00%	32.50%

*(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.*

The two Retirement Systems reported in this schedule are as follows:

MERS (Plan A) = Municipal Employees' Retirement System

MPERS = Municipal Police Employees' Retirement System



**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**LAST TEN FISCAL YEARS (1)**

	<b>2018</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 67,310	\$ 19,766
Contributions in Relation to Contractually Required Contribution	<u>67,310</u>	<u>19,766</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	508,000	59,448
Contributions as a % of Covered Payroll	13.25%	33.25%
	<b>2017</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 52,244	\$ 24,906
Contributions in Relation to Contractually Required Contribution	<u>52,244</u>	<u>24,906</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	474,945	73,796
Contributions as a % of Covered Payroll	11.00%	33.75%
	<b>2016</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 49,955	\$ 7,588
Contributions in Relation to Contractually Required Contribution	<u>49,955</u>	<u>7,588</u>
Contribution Deficiency (Excess)	\$ -	\$ -
Employer's Covered Payroll	509,077	24,090
Contributions as a % of Covered Payroll	9.81%	31.50%
	<b>2015</b>	
	<b>MERS (Plan B)</b>	<b>MPERS</b>
Contractually Required Contribution	\$ 48,019	\$ -
Contributions in Relation to Contractually Required Contribution	<u>46,172</u>	<u>-</u>
Contribution Deficiency (Excess)	\$ 1,847	\$ -
Employer's Covered Payroll	505,465	-
Contributions as a % of Covered Payroll	9.13%	-

(1) Schedule is intended to show information for 10 years. Additional years will be displayed as available.

The two Retirement Systems reported in this schedule are as follows:  
MERS (Plan A) = Municipal Employees' Retirement System  
MPERS = Municipal Police Employees' Retirement System

**TOWN OF WHITE CASTLE, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended September 30, 2022

**NOTE 1 - BUDGETS**

**Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by the Mayor to the Town Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to adoption of the budget.

The annual operating budget, prepared on the modified accrual basis, covers the general, special revenue, debt service, capital project, and enterprise funds. At the end of the fiscal year unexpended appropriations automatically lapse. Budget amendments are approved by the Town Council and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund as reflected in the legally adopted budget.

**Basis of Accounting**

All of the Town's budgets are prepared on the modified accrual basis of accounting.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Expenditures Exceeding Appropriations**

Excess of expenditures over appropriations in individual funds or departments within the fund occurred as follows:

<b>Governmental Activities:</b>	<b>Revised Budget</b>	<b>Actual (GAAP Basis)</b>	<b>Excess over Budget</b>
	<u>          </u>	<u>          </u>	<u>          </u>
General Fund:			
Current function:			
General government	\$ 749,642	\$ 892,832	\$ (143,190)
Recreation	103,290	111,865	(8,575)
Debt Service	-	13,518	(13,518)
Capital outlay	161,400	183,734	(22,334)

**NOTE 3 - DEFINED BENEFIT PLANS**

Changes in benefit terms and assumptions are as follows:

<b>MERS</b>			<b>MPERS</b>		
<u>Measurement Date</u>	<u>Changes of Benefit Terms</u>		<u>Measurement Date</u>	<u>Changes of Benefit Terms</u>	
	<u>Years</u>	<u>Change</u>		<u>Years</u>	<u>Change</u>
6/30/2022	3	-	12/31/2021	4	-
6/30/2021	3	-	12/31/2020	4	-
6/30/2020	3	-	12/31/2019	4	-
6/30/2019	3	-	12/31/2018	4	-
6/30/2018	3	-	12/31/2017	4	-
6/30/2017	3	-	12/31/2016	4	-
6/30/2016	3	-	12/31/2015	4	-

<b>MERS</b> <u>Measurement Date</u>	<u>Investment Rate of Return</u>		<u>Inflation rates</u>	
	<u>Rate</u>	<u>Change</u>	<u>Rate</u>	<u>Change</u>
6/30/2022	6.85%	0.00%	2.50%	0.00%
6/30/2021	6.85%	-0.10%	2.50%	-0.10%
6/30/2020	6.95%	-0.05%	2.60%	-0.10%
6/30/2019	7.00%	-0.27%	2.70%	0.00%
6/30/2018	7.28%	-0.13%	2.70%	0.10%
6/30/2017	7.40%	-0.10%	2.60%	0.10%
6/30/2016	7.50%	0.50%	2.50%	0.10%
6/30/2015	7.00%	7.00%	2.40%	2.40%

<b>MPERS</b> <u>Measurement Date</u>	<u>Investment Rate of Return</u>		<u>Inflation rates</u>	
	<u>Rate</u>	<u>Change</u>	<u>Rate</u>	<u>Change</u>
6/30/2022	6.75%	0.00%	2.50%	0.00%
6/30/2021	6.75%	-0.20%	2.50%	-0.05%
6/30/2020	6.95%	-0.17%	2.55%	-0.20%
6/30/2019	7.13%	-0.08%	2.75%	0.00%
6/30/2018	7.20%	-0.13%	2.75%	0.00%
6/30/2017	7.33%	-0.18%	2.75%	0.00%
6/30/2016	7.50%	0.50%	2.75%	-0.25%
6/30/2015	7.00%	7.00%	3.00%	3.00%

## TOWN OF WHITE CASTLE, LOUISIANA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Section 8</u>	<u>Reserve Fund</u>	<u>2008 Capital Project Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,939	\$ -	\$ -	\$ 30,939
Due from other funds	-	239,749	285,695	525,444
	<u>-</u>	<u>239,749</u>	<u>285,695</u>	<u>525,444</u>
Total assets	<u>\$ 30,939</u>	<u>\$ 239,749</u>	<u>\$ 285,695</u>	<u>\$ 556,383</u>
<b>DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	\$ 30,939	\$ -	\$ -	\$ 30,939
	<u>30,939</u>	<u>-</u>	<u>-</u>	<u>30,939</u>
<b>FUND BALANCE</b>				
Restricted for:				
Debt service	-	239,749	-	239,749
Capital projects	-	-	285,695	285,695
	<u>-</u>	<u>-</u>	<u>285,695</u>	<u>285,695</u>
Total fund balance	<u>-</u>	<u>239,749</u>	<u>285,695</u>	<u>525,444</u>
Total deferred inflows of resources and fund balance	<u>\$ 30,939</u>	<u>\$ 239,749</u>	<u>\$ 285,695</u>	<u>\$ 556,383</u>

**TOWN OF WHITE CASTLE, LOUISIANA**  
**COMBINING STATEMENTS OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

For the year ended September 30, 2022

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor</u>
	<u>Section 8</u>	<u>Reserve Fund</u>	<u>2008 Capital Project Fund</u>	<u>Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental	\$ 67,701	\$ -	\$ -	\$ 67,701
Interest	<u>1,817</u>	<u>-</u>	<u>-</u>	<u>1,817</u>
Total revenues	<u>69,518</u>	<u>-</u>	<u>-</u>	<u>69,518</u>
<b>EXPENDITURES</b>				
Current function				
Public health	<u>69,518</u>	<u>-</u>	<u>-</u>	<u>69,518</u>
<b>FUND BALANCE</b>				
Beginning of year	<u>-</u>	<u>239,749</u>	<u>285,695</u>	<u>525,444</u>
End of year	<u>\$ -</u>	<u>\$ 239,749</u>	<u>\$ 285,695</u>	<u>\$ 525,444</u>

**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF DEPARTMENTAL EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>GENERAL GOVERNMENT</b>				
Salaries	\$ 141,400	\$ 141,400	\$ 212,953	\$ (71,553)
Payroll taxes	20,000	20,000	22,107	(2,107)
Municipal retirement	21,700	21,700	20,173	1,527
Employees' insurance	66,000	48,000	69,049	(21,049)
Insurance	105,000	100,000	125,677	(25,677)
Legal fees	30,000	15,650	17,586	(1,936)
Emergency preparedness - animal control	-	-	29,260	(29,260)
Travel	53,000	53,000	48,415	4,585
Professional services	35,000	35,000	50,734	(15,734)
Utilities and telephone	20,000	17,700	18,023	(323)
Publishing	12,000	5,000	3,656	1,344
Maintenance - building	47,000	55,000	50,866	4,134
Postage	6,000	6,000	5,687	313
Computer services	13,600	13,600	11,273	2,327
Bank fees	3,000	137,542	137,821	(279)
Dues and subscriptions	3,700	3,700	2,258	1,442
Maintenance - equipment and vehicle	5,000	9,000	9,077	(77)
Other	40,000	52,350	56,285	(3,935)
Coroner	6,000	6,000	1,015	4,985
Printing	12,000	8,000	852	7,148
Drug testing	1,000	1,000	65	935
Total general government	<u>641,400</u>	<u>749,642</u>	<u>892,832</u>	<u>(143,190)</u>

**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF DEPARTMENTAL EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>PUBLIC SAFETY</b>				
Police:				
Salaries	\$ 446,780	\$ 451,780	\$ 464,109	\$ (12,329)
Payroll taxes	33,700	34,700	37,250	(2,550)
Municipal retirement	47,500	77,500	52,477	25,023
Employees' insurance	88,500	101,000	97,219	3,781
Maintenance - vehicle	4,000	7,000	7,971	(971)
Vehicle fuel	8,250	8,250	7,687	563
Travel	13,000	12,500	22,379	(9,879)
Telephone	5,000	10,000	10,197	(197)
Computer services	10,000	10,000	-	10,000
Maintenance contracts	8,800	8,800	7,845	955
Maintenance - building	2,500	5,000	10,050	(5,050)
Court fees	1,500	-	-	-
Field supplies	1,750	1,750	180	1,570
Dues and subscriptions	500	500	49	451
Drug testing	800	800	250	550
Printing	1,250	1,250	-	1,250
Clothing	1,500	3,000	3,126	(126)
Total police	<u>675,330</u>	<u>733,830</u>	<u>720,789</u>	<u>13,041</u>
Volunteer fire:				
Salary supplement	22,400	7,400	4,800	2,600
Maintenance - vehicle	3,000	10,500	8,459	2,041
Maintenance - building	-	2,750	3,119	(369)
Maintenance - equipment	-	24,400	4,176	20,224
Vehicle insurance	2,200	2,950	2,187	763
Telephone	2,400	-	334	(334)
Vehicle fuel	600	600	894	(294)
Equipment testing	-	-	1,196	(1,196)
Maintenance contracts	-	3,400	3,312	88
Total volunteer fire	<u>30,600</u>	<u>52,000</u>	<u>28,477</u>	<u>23,523</u>
Total public safety	<u>705,930</u>	<u>785,830</u>	<u>749,266</u>	<u>36,564</u>

**TOWN OF WHITE CASTLE, LOUISIANA  
GENERAL FUND**

**SCHEDULE OF DEPARTMENTAL EXPENDITURES -  
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>STREETS AND SANITATION</b>				
Salaries	\$ 200,720	\$ 235,720	\$ 225,629	\$ 10,091
Payroll taxes	16,200	18,700	17,908	792
Municipal retirement	27,000	50,000	25,100	24,900
Employees' insurance	60,000	80,000	68,237	11,763
Utilities	75,000	85,000	76,870	8,130
Maintenance - street	180,000	175,000	179,735	(4,735)
Maintenance - vehicle	7,000	5,000	3,881	1,119
Vehicle fuel	9,000	15,000	14,388	612
Engineering	-	14,500	28,601	(14,101)
Drug testing	500	500	65	435
Other	1,200	8,700	5,016	3,684
	<u>576,620</u>	<u>688,120</u>	<u>645,430</u>	<u>42,690</u>
Total streets and sanitation				
<b>RECREATION</b>				
Salaries	21,840	18,340	30,454	(12,114)
Payroll Taxes	1,750	1,750	1,935	(185)
Utilities	36,000	41,000	31,326	9,674
Maintenance	9,500	36,500	45,000	(8,500)
Youth recreation	5,000	5,700	3,150	2,550
	<u>74,090</u>	<u>103,290</u>	<u>111,865</u>	<u>(8,575)</u>
Total recreation				
<b>DEBT SERVICE</b>	-	-	13,518	(13,518)
<b>CAPITAL OUTLAY</b>	<u>2,947,400</u>	<u>161,400</u>	<u>183,734</u>	<u>(22,334)</u>
Total expenditures	<u>\$ 4,945,440</u>	<u>\$ 2,488,282</u>	<u>\$ 2,596,645</u>	<u>\$ (108,363)</u>



**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO AGENCY HEAD**

For the year ended September 30, 2022

**Agency Head: John Morris, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,080
Benefits - retirement	8,382
Travel and conference registrations	5,515
Benefits - insurance	12,827
	<u>\$ 80,805</u>

**TOWN OF WHITE CASTLE, LOUISIANA**  
**ACT 87 SYSTEM FUNDING SCHEDULE**  
**COLLECTING/DISBURSING ENTITY**

For the year ended September 30, 2022

	<b>First Six Month Period Ending, March 31, 2022</b>	<b>Second Six Month Period Ending, September 30, 2022</b>
<b>BEGINNING BALANCE OF AMOUNTS COLLECTED</b>	\$ -	\$ -
<b>COLLECTIONS:</b>		
Civil Fees	<u>59,378</u>	<u>34,450</u>
<b>DISBURSEMENTS TO GOVERNMENTS AND NON-PROFITS:</b>		
Case Management Information Systems, Traffic fines	349	203
Crime Victims Reparations Fund, Traffic fines	2,620	1,520
Peace Officers Standards and Training Council, Traffic fines	<u>699</u>	<u>405</u>
<b>TOTAL DISBURSEMENTS</b>	<u>3,668</u>	<u>2,128</u>
<b>AMOUNTS "SELF DISBURSED" TO COLLECTING AGENCY:</b>	<u>55,710</u>	<u>32,322</u>
<b>DISBURSEMENTS/RETAINAGE</b>	<u>59,378</u>	<u>34,450</u>
<b>TOTAL ENDING BALANCE OF AMOUNTS COLLECTED AND NOT DISBURSED</b>	<u>\$ -</u>	<u>\$ -</u>

**TOWN OF WHITE CASTLE, LOUISIANA**

**SCHEDULE OF UTILITY  
CUSTOMERS**

September 30, 2022  
(Without Audit)

Records maintained by the Town indicated the number of residential and commercial users for gas, water and sewer systems at September 30, 2022 were as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>
Residential	737	723	440
Commercial	50	41	23

At September 30, 2022, the Town was charging a \$17.38 commercial and a \$14.82 residential base fee with \$3.00 for each thousand gallons consumed for water usage. In addition, a \$25.63 commercial and a \$13.48 residential base fee with \$2.00 commercial and \$1.90 residential fee for each thousand gallons treated was charged as a sewerage fee.

At September 30, 2022, the aging of accounts receivable for the enterprise funds was as follows:

Current	\$ 108,147
31-60 days	28,326
61-90 days	26,103
Over 90 days	91,726
Allowance for doubtful accounts	<u>(72,546)</u>
	<u>\$ 181,756</u>

**TOWN OF WHITE CASTLE, LOUISIANA**  
**SCHEDULE OF INSURANCE IN FORCE**

September 30, 2022  
(Without Audit)

<u>Issuer</u>	<u>Type of Insurance</u>	<u>Property Covered and Location</u>	<u>Insurance</u>	<u>Expiration Date</u>
LA Municipal Risk Management Agent	Automobile	19 Automobiles	\$ 500,000	May 1, 2023
	Commercial general liability	Premises operations, general	500,000	May 1, 2023
		Products and completed operations	500,000	May 1, 2023
		Medical payments	10,000/per accident	May 1, 2023
		Fire legal liability	50,000/per occurrence	May 1, 2023
	Law enforcement liability	Enforcement officers	500,000	May 1, 2023
	Public officials' errors and omissions liability	Public officials' errors and omissions	500,000	May 1, 2023
	Workers compensation	Eligible employees	statutory	January 1, 2023
Scottsdale Insurance (Bourg Company	Commercial property	Sewage plant, 31540 Hwy. 405	560,000	April 12, 2023
	Fire and extended coverage	Water tower, 33060 Bowie St.	232,000	April 12, 2023
		Water treatment building	150,000	
		Garage	56,000	
		Storage building	50,000	April 12, 2023
		Chlorine Injector	15,000	
	Fire and extended coverage	Police and Fire Station, 32535 Bowie St.	300,000	April 12, 2023
		Storage shed, 32535 Bowie St.	11,000	April 12, 2023
	Fire and extended coverage	Jail house, 32535 Rear Bowie	120,000	April 12, 2023
	Fire and extended coverage	Fire station, 32055 Hwy. 405	81,000	April 12, 2023
	Fire and extended coverage	Council on Aging building, 55050 Latino St	145,000	April 12, 2023
	Fire and extended coverage	Town Hall, 32515 Bowie St.	800,000	April 12, 2023
	Fire and extended coverage	Sewage station, 54940 Cambre St.	96,000	April 12, 2023
Fire and extended coverage	Fitness Park, 32540 Bowie St.	150,000	April 12, 2023	
	Gazebo	55,000		
Fire and extended coverage	Rec Center, 32711 Bowie St.	1,200,000	April 12, 2023	
	Cummins Generator	70,000		
Rod Prejean & Associates, Inc.	Automobile	Ford Explorer w/ equipment	25,974	February 5, 2023
		Ford Explorer w/ equipment	25,974	
		Ford Explorer w/ equipment	25,974	

# KOLDER, SLAVEN & COMPANY, LLC

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Stephen J. Anderson, CPA\*  
Matthew E. Margaglio, CPA\*  
Casey L. Ardoin, CPA, CFE\*  
Wanda F. Arcement, CPA  
Bryan K. Joubert, CPA  
Nicholas Fowlkes, CPA  
Deidre L. Stock, CPA

C. Burton Kolder, CPA\*  
Of Counsel

Victor R. Slaven, CPA\* - retired 2020  
Christine C. Doucet, CPA – retired 2022

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

## 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*

John Morris III, Mayor  
and members of the Town Council  
Town of White Castle, Louisiana

We 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 White Castle, Louisiana (the Town), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 27, 2023.

### Report on Internal Control over Financial Reporting

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

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

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

## **Report on Compliance and Other Matters**

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

### **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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
March 27, 2023

TOWN OF WHITE CASTLE  
White Castle, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended September 30, 2022

Part I. Current Year Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

Part II. Prior Year Findings which were required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

2021-001                      General Fund Budget Variance

Condition:                      The Town's general fund expenditures incurred a negative budget variance in excess of 5%.

Recommendation:              The Town should periodically compare actual and anticipated activity to budgeted amounts and adopt budgetary amendments as necessary to cause compliance with state statute.

Current Status:                      Resolved.

B. Compliance Findings –

There were no findings reported under this section.

# **Town of White Castle**

White Castle, Louisiana

Statewide Agreed-Upon Procedures

Fiscal period October 1, 2021 through September 30, 2022



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

Mr. John Morris III, Mayor,  
and the Town of White Castle Council Members  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2021 through September 30, 2022. Town of White Castle's (the Town) management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2021 through September 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### Written Policies and Procedures

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

reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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

### ***Board or Finance Committee***

---

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum on all special revenue funds. *Alternatively, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

### ***Bank Reconciliations***

---

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

### ***Collections (excluding EFTs)***

---

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies and procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]
- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

---

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

#### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

### ***Payroll and Personnel***

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- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

### ***Ethics***

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- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
  - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

### ***Debt Service***

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

### ***Fraud Notice***

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

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - a. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c. Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

### ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

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

***Findings:***

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No exceptions were found as a result of procedures list above with the exception of:

**Written Policies and Procedures:**

*Written policies and procedures did not address how vendors are added to the vendor list, Receipts, Contracting, Ethics, Debt Service, Information Technology Disaster Recovery/Business Continuity, payroll processing, sexual harassment employee training, and sexual harassment annual reporting.*

**Bank Reconciliations:**

*2 out of the 4 bank reconciliations tested were not prepared within 2 months of related statement closing date.*

**Credit Cards:**

*2 out of the 3 credit cards tested had finance charges or late fees.*

*1 out of the 26 credit card transactions tested did not have a written business/public purpose.*

**Ethics:**

*2 out of the 5 employees had not completed one hour of ethics training during the fiscal period.*

**Sexual Harassment:**

*The Town does not have its sexual harassment policy and complaint procedures posted on the Town's website.*

*The sexual harassment report was not prepared on or before February 1.*

***Management's Response:***

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Management of the Town concurs with the exceptions and is working to address the deficiencies identified.



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

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

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

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Baton Rouge, Louisiana  
March 27, 2023