

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA

Financial Report
For the Year Ended June 30, 2021



TOWN OF FARMERVILLE, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen of the
Town of Farmerville, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, Louisiana (the Town), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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



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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the Town as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability and related ratios, schedule of proportionate share of net pension liability, and the schedule of employer's pension contribution on pages 4 through 11 and 60 through 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Compensation, Benefits and Other Payments to Agency Head, Balance Sheet – LCDBG Funds, the Schedule of Revenue, Expenditures and Fund Balance – LCDBG Funds, and the Act 87 Collecting and Disbursing Entity Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, Schedule of Compensation, Benefits and Other Payments to Agency Head, Act 87 Collecting and Disbursing Entity and Receiving Entity Schedules, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements, Schedule of Compensation, Benefits and Other Payments to Agency Head, Act 87 Collecting and Disbursing Entity Schedule, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 30, 2021, on my consideration of the Town's internal control over financial reporting and my 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 my 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.

Maxwell CPA, LLC

Monroe, Louisiana
December 30, 2021

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF FARMERVILLE, LOUISIANA

Management's Discussion and Analysis Year Ended June 30, 2021

As management of the Town of Farmerville, we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements. The intent of this discussion and analysis is to look at the Town's financial performance as a whole.

FINANCIAL HIGHLIGHTS

- The assets of the Town of Farmerville, on a government-wide basis, exceeded its liabilities at the close of the fiscal year by \$18,935,966 (net position).
- At the end of the current fiscal year, the Town of Farmerville's governmental funds reported combined ending fund balances of \$4,501,871.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$2,476,224 or 85% of the total general fund expenditures.
- The general fund reported a surplus of \$118,874 before transfers, and a surplus of \$158,089 after transfers.
- The Town completed many projects that included improvements to infrastructure. The additions and improvements to the Town's Capital Assets totaled \$1,218,006 in the current year.
- The Town's bonded debt had a net decrease of \$322,912. Total bonded debt at June 30, 2021 was \$4,318,591.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town of Farmerville's basic financial statements. The Town's basic financial statements comprise three components:

- *Government-wide financial statements,*
- *Fund financial statements,*
- *Notes to the financial statements.*

This report contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Town's overall financial status.

- The remaining statements are fund financial statements that focus on individual parts of the Town's government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental fund statements tell how general government services like public safety were financed in the short term as well as what amounts remain for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the public utilities (water and sewer).

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In the past, the primary focus of local government financial statements has been summarized fund type information on a current financial resources basis. However, with the implementation of Statement No. 34 of the Governmental Accounting Standards Board (GASB Statement No. 34) for June 30, 2003, the new focus is on both the Town as a whole (government-wide) and the fund financial statements. Each view provides a different snapshot of the Town's finances. The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. The fund financial statements focus on the individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison (year-to-year or government-to-government) and enhance the Town's accountability.

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the Town of Farmerville as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position and the Statement of Activities, which are the government-wide statements, include all of the government's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the Town's net position and how they have changed. Net position – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating. Other non-financial factors such as changes in the Town's property tax base and the condition of the Town's roads and other infrastructure may need to be considered to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, the Town is divided into two categories:

- Governmental activities – Most of the Town's basic services are included here, such as the activities of the police, fire, public works, social services, parks and recreation departments, and general administration. Sales taxes and grants finance most of these activities.
- Business-type activities – The Town charges fees to customers to cover the cost of certain services it provides. The Town's water and sewer are included here.

FUND FINANCIAL STATEMENTS

The format of the fund financial statements will be more familiar to traditional users of government financial statements. The fund financial statements provide more detailed information about the Town's most significant funds – not the Town as a whole. Funds are accounting mechanisms that the Town uses to keep track of specific sources of funding and spending for particular purposes.

The Town has two kinds of funds:

- Governmental funds – Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided on a subsequent page that explains the relationship (or differences) between the government-wide and fund statements.
- Proprietary funds – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both short-term and long-term financial information. The Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but they provide more detail and additional information, such as cash flows.

The Total Governmental Funds column requires reconciliation because of the different measurement focus from the government-wide statements (current financial resources versus total economic resources), which is reflected at the bottom of or following each statement. The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bond and others) into the Governmental Activities column (in the government-wide statements).

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The Town's combined net position for the 2020-2021 fiscal year increased by \$1,634,965. Table 1 shows the statement of net position for the year ending 2020 and the year ending 2021. The table also shows the net position for governmental activities, business type activities and combines them into the total primary government.

Statement of Net Position

The following table reflects the condensed statement of net position:

Net Position of Governmental and Business Type Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2021	2020	2021	2020	2021
Assets						
Current Assets	\$ 4,293,613	\$ 4,623,164	\$ 912,995	\$ 2,230,314	\$ 5,206,608	\$ 6,853,478
Capital Assets, Net	9,086,297	9,339,315	10,940,960	10,694,807	20,027,257	20,034,122
Total Assets	13,379,910	13,962,479	11,853,955	12,925,121	25,233,865	26,887,600
Deferred Outflows of Resources						
	107,855	689,573	98,751	98,751	206,606	788,324
Liabilities						
Current Liabilities	996,483	620,902	163,710	571,862	1,160,193	1,192,764
Non-Current Liabilities	4,528,787	4,069,772	3,407,544	3,165,608	7,936,331	7,235,380
Total Liabilities	5,525,270	4,690,674	3,571,254	3,737,470	9,096,524	8,428,144
Deferred Inflows of Resources						
	151,388	257,829	53,985	53,985	205,373	311,814
Net Position						
Net Investment						
in Capital Assets	6,477,756	7,065,979	8,579,944	8,404,411	15,057,700	15,470,390
Restricted	480,001	-	490,050	624,169	970,051	624,169
Unrestricted	853,350	2,637,570	(43,214)	203,837	810,136	2,841,407
Total Net Position	\$ 7,811,107	\$ 9,703,549	\$ 9,026,780	\$ 9,232,417	\$ 16,837,887	\$ 18,935,966

Net position (assets less liabilities) may serve over time as a useful indicator of a government's financial position. The Town of Farmerville's assets exceeded liabilities by \$18,935,966 at the close of the fiscal year.

Approximately \$625,000 of the Town's net position is subject to restrictions.

Governmental Activities

Net position of the Town's governmental activities increased from \$7,811,107 to \$9,703,549.

Business-type Activities

Net position of the Town's business-type activities increased from \$9,026,780 to \$9,232,417.

Statement of Activities

The following table shows the revenues and expenses of the governmental and business-type activities:

Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2021	2020	2021	2020	2021
Revenues						
Program Revenues						
Charges for Services	\$ 593,714	\$ 530,320	\$ 2,007,901	\$ 1,964,538	\$ 2,601,615	\$ 2,494,858
Operating Grants and Contributions	77,883	278,930	-	127,012	77,883	405,942
Capital Grants and Contributions	492,679	-	17,000	241,910	509,679	241,910
General Revenues						
Property Taxes	775,997	804,076	-	-	775,997	804,076
Sales Taxes	2,295,620	2,546,513	-	-	2,295,620	2,546,513
Intergovernmental	-	219,519	-	-	-	219,519
Fines and Forfeitures	73,827	51,201	-	-	73,827	51,201
Franchise	212,406	183,651	-	-	212,406	183,651
Licenses and Permits	237,327	216,812	-	-	237,327	216,812
Miscellaneous	262,022	329,014	-	205	262,022	329,219
Sales of Assets	-	31,300	-	(5,523)	-	25,777
Interest Earned	37,414	47,215	9,823	11,852	47,237	59,067
Total Revenues	5,058,889	5,238,551	2,034,724	2,339,994	7,093,613	7,578,545
Expenses						
General Government	1,792,909	2,001,000	-	-	1,792,909	2,001,000
Public Safety	1,949,461	1,633,075	-	-	1,949,461	1,633,075
Culture and Recreation	326,252	-	-	-	326,252	-
Interest on Long-Term Debt	104,659	92,059	-	-	104,659	92,059
Utilities	-	-	2,267,875	2,217,446	2,267,875	2,217,446
Total Expenses	4,173,281	3,726,134	2,267,875	2,217,446	6,441,156	5,943,580
Increase (Decrease) in Net Position Before Transfers	885,608	1,512,417	(233,151)	122,548	652,457	1,634,965
Transfers	30,000	33,000	(30,000)	(33,000)	-	-
Increase/Decrease in Net Position	\$ 915,608	\$ 1,545,417	\$ (263,151)	\$ 89,548	\$ 652,457	\$ 1,634,965

Governmental Activities

The Town's total revenues from governmental activities increased from \$5,058,889 (year end 2020) to \$5,238,551 (year end 2021). The largest source of the increase in the current year revenues is from an increase in sales taxes collected. Farmerville's largest source of general revenue (\$3,429,004) is taxes, composed of property tax, sales tax, insurance premium taxes, and beer tax.

Sixty-five percent of the Town's revenue from governmental activities comes from these taxes. Charges for Services (\$530,320) was the second largest revenue source for governmental activities.

The Town's expenses from governmental activities for the fiscal year ended June 30, 2021 were \$3,726,134, a decrease of \$447,147 from year end 2020. These expenses cover a wide range of services with the largest being public safety \$1,633,075 or 44%, and general government \$2,001,000 or 54%.

Business-Type Activities

The total revenues from business-type activities were \$2,339,994 for the fiscal year ended June 30, 2021. Charges for services decreased by approximately \$43,000. Expenses for the Town's business-type activities were \$2,217,446.

FINANACIAL ANALYSIS OF THE CITY'S FUNDS

The Town of Farmerville uses Fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,501,871.

The general fund is the chief operating fund of the Town. At the end of the fiscal year, unassigned fund balance of the general fund was \$2,476,224. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 85% of the total general fund expenditures. Due to the uncertain economic conditions, expenditures were closely monitored and correlated to revenues received.

The Town spent a total of \$1,338,109 out of the Sales Tax Fund for repairs and maintenance to streets. This amount decreased by \$89,616 from last year.

Proprietary Funds

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

Net position of the Water Fund at the end of the year was \$4,825,392. The fund had an operating loss for the year of \$16,246 after depreciation.

Net position of the Sewer Fund at the end of the year was \$4,407,025. The fund had an operating loss for the year of \$57,748 after depreciation.

General Fund Budgetary Highlights

Over the course of the year, the Town Council revised the Town budget once. The difference between the original expenditure budget and the actual amount of expenditures was an increase of \$692,285. Actual total revenues were \$151,547 more than the original budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following table shows the Capital Assets (net of depreciation) of the governmental and business type activities:

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2021	2020	2021	2020	2021
Land	\$ 349,336	\$ 349,336	\$ 25,752	\$ 25,752	\$ 375,088	\$ 375,088
Construction in Progress	-	-	-	284,635	-	284,635
Buildings	1,552,775	1,694,420	-	-	1,552,775	1,694,420
Improvements	631,803	696,189	-	-	631,803	696,189
Equipment	1,872,102	1,765,717	-	-	1,872,102	1,765,717
Infrastructure	4,680,281	4,833,653	-	-	4,680,281	4,833,653
Water System	-	-	3,897,293	4,288,751	3,897,293	4,288,751
Sewer System	-	-	7,017,915	6,095,669	7,017,915	6,095,669
Total	\$ 9,086,297	\$ 9,339,315	\$10,940,960	\$ 10,694,807	\$ 20,027,257	\$ 20,034,122

The Town of Farmerville's investment in Capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$20,034,122 (net of depreciation). This is an increase of \$6,865 from last year. This investment includes land, construction in progress, buildings and improvements, equipment, infrastructure, water and sewer.

Long-term Debt

The following table shows the Town's outstanding debt:

	Outstanding Debt	
	2020	2021
2012 Revenue Bonds	\$ 1,395,000	\$ 1,220,000
2010 Revenue Bonds	310,000	285,000
2016 Revenue Bonds	452,000	418,000
USDA Loan	124,518	105,196
Lease Purchase	144,033	112,800
Lease Purchase	159,990	132,340
Sewer Revenue Bonds	250,000	230,000
USDA Loan	2,081,883	2,041,646
USDA Loan	28,102	18,749
Vacation, Sick & Comp Time	114,834	110,507
Total	\$ 5,060,360	\$ 4,674,238

At the end of the fiscal year, the Town of Farmerville had total debt outstanding of \$4,674,238. This is a decrease of \$386,122 in total debt.

Additional information of the Town's long-term debt can be found in Note 12 in the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In the fiscal year 2021-2022 budget, general fund revenues are budgeted at an 8% increase from the 2020-2021 budget year. Taxes make up about 50% of the general fund budgeted revenues and charges for services make up 15%. The 2021-2022 water and sewer operations are budgeted to have small surpluses.

OTHER POST-EMPLOYMENT BENEFITS

In the year ended June 30, 2021, the Town of Farmerville has complied with requirements of Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. This statement requires that employers disclose the *Schedule of Changes in Net OPEB Liability and Related Ratios* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

PENSIONS

In the year ended June 30, 2021, the Town of Farmerville has complied with requirements of Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions*. This statement requires that employers disclose the *Net Pension Liability, Deferred Inflows and Deferred Outflows* as determined by actuarial computations. The disclosure of these amounts are presented in more detail in the Notes to the Financial Statements.

REQUEST FOR INFORMATION

The financial report is designed to provide citizens, taxpayer, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the funds it receives. If you have any questions about this report or need additional information, contact the Town Clerk, P.O. Box 427, Farmerville, Louisiana 71241.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 4,138,607	\$ 1,857,910	\$ 5,996,517
Receivables Net	-	271,480	271,480
Due from Other Governments	238,208	210,835	449,043
Prepaid Expenses	114,750	21,688	136,438
Due To/From Other Funds	131,599	(131,599)	-
Capital Assets, Net:			
Non Depreciable Assets	349,336	310,387	659,723
Depreciable Assets	8,989,979	10,384,420	19,374,399
<u>Total Assets</u>	<u>\$ 13,962,479</u>	<u>\$ 12,925,121</u>	<u>\$ 26,887,600</u>
<u>Deferred Outflows of Resources</u>	<u>\$ 689,573</u>	<u>\$ 98,751</u>	<u>\$ 788,324</u>
<u>Liabilities</u>			
Accounts Payable	\$ 119,786	\$ 287,583	\$ 407,369
Accrued Liabilities	1,507	35,925	37,432
Accrued Interest Payable	23,000	948	23,948
Customer Deposits	-	177,639	177,639
Current Portion of Long-Term Obligations	476,609	69,767	546,376
Non-Current Portion of Long-Term Obligations	1,875,761	2,220,628	4,096,389
Post Retirement Benefits	248,764	196,934	445,698
Net Pension Liability	1,945,247	748,045	2,693,292
<u>Total Liabilities</u>	<u>\$ 4,690,674</u>	<u>\$ 3,737,469</u>	<u>\$ 8,428,143</u>
<u>Deferred Inflows of Resources</u>	<u>\$ 257,829</u>	<u>\$ 53,985</u>	<u>\$ 311,814</u>
<u>Net Position</u>			
Net Investment in Capital Assets	7,065,979	8,404,411	15,470,390
Restricted for Debt Service	-	624,169	624,169
Unrestricted	2,637,570	203,837	2,841,407
<u>Total Net Position</u>	<u>\$ 9,703,549</u>	<u>\$ 9,232,417</u>	<u>\$ 18,935,966</u>

The accompanying notes are an integral part of this financial statement.

**TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Program Activities	Program Revenues				Net (Expense) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	
Government Activities:							
General Government	2,001,000	530,320	278,930	205,253	(986,497)	-	(986,497)
Public Safety	1,633,075	-	-	-	(1,633,075)	-	(1,633,075)
Interest on Long-Term Debt	92,059	-	-	-	(92,059)	-	(92,059)
Total Governmental Activities	3,726,134	530,320	278,930	205,253	(2,711,631)	-	(2,711,631)
Business-Type Activities:							
Water	1,620,589	1,465,892	98,759	241,910	-	185,972	185,972
Sewer	596,857	498,646	28,253	-	-	(69,958)	(69,958)
Total Business-Type Activities	2,217,446	1,964,538	127,012	241,910	-	116,014	116,014
Total Government	\$ 5,943,580	\$ 2,494,858	\$ 405,942	\$ 447,163	(2,711,631)	116,014	(2,595,617)
General Revenues:							
Taxes:							
General Government					250,381	-	250,381
Fire Department					545,112	-	545,112
Housing Authority in Lieu of Taxes					8,583	-	8,583
Sales Tax					2,546,513	-	2,546,513
Franchise Taxes					183,651	-	183,651
Licenses and Permits					216,812	-	216,812
Intergovernmental					14,266	-	14,266
Fines and Forfeitures					51,201	-	51,201
Investment Earnings					47,215	11,852	59,067
Sale of Assets					31,300	(5,523)	25,777
Transfers					33,000	(33,000)	-
Miscellaneous					329,014	205	329,219
Total General Revenues					4,257,048	(26,466)	4,230,582
Changes in Net Position					1,545,417	89,548	1,634,965
Net Position - Beginning (Restated)					8,158,132	9,142,869	17,301,001
Net Position - Ending					\$ 9,703,549	\$ 9,232,417	\$ 18,935,966

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>Major Funds</u>			<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Sales Tax</u>	<u>Recreation Sales Tax</u>		
<u>Assets</u>					
Cash and Cash Equivalents	\$ 2,382,723	\$ 979,910	\$ 698,303	\$ 77,671	\$ 4,138,607
Due from Other Governments	59,552	119,104	59,552	-	238,208
Prepaid Items	79,142	20,395	15,213	-	114,750
Due From Other Funds	116,689	27,406	39,662	-	183,757
<u>Total Assets</u>	<u>\$ 2,638,106</u>	<u>\$ 1,146,815</u>	<u>\$ 812,730</u>	<u>\$ 77,671</u>	<u>\$ 4,675,322</u>
<u>Liabilities</u>					
Accounts Payable	\$ 68,737	\$ 35,172	\$ 15,877	\$ -	\$ 119,786
Due to Other Funds	12,496	39,662	-	-	52,158
Other Liabilities	1,507	-	-	-	1,507
<u>Total Liabilities</u>	<u>\$ 82,740</u>	<u>\$ 74,834</u>	<u>\$ 15,877</u>	<u>\$ -</u>	<u>\$ 173,451</u>
<u>Fund Balances</u>					
Nonspendable	79,142	20,395	15,213	-	114,750
Restricted	-	275,571	115,804	77,671	469,046
Unassigned	2,476,224	776,015	665,836	-	3,918,075
<u>Total Fund Balances</u>	<u>2,555,366</u>	<u>1,071,981</u>	<u>796,853</u>	<u>77,671</u>	<u>4,501,871</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 2,638,106</u>	<u>\$ 1,146,815</u>	<u>\$ 812,730</u>	<u>\$ 77,671</u>	<u>\$ 4,675,322</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO STATEMENT OF NET POSITION
JUNE 30, 2021

Total Governmental Fund Balances \$ 4,501,871

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Governmental Capital Assets	16,902,667
Less: Accumulated Depreciation	(7,563,352)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued Interest Payable	(23,000)
Bancorpsouth Lease	(245,140)
USDA Bonds Payable	(105,196)
2010 Bonds	(285,000)
2012 Bonds	(1,220,000)
2016 Bonds	(418,000)
Compensated Absences	(79,034)
Net OPEB Obligation (including Deferred Inflow/Outflow)	(319,717)
Net Pension Liability (included Deferred Inflow/Outflow)	<u>(1,442,550)</u>

Net Position of Governmental Activities	<u><u>\$ 9,703,549</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Major Funds</u>			<u>Non-Major Funds</u>	<u>Total Government Funds</u>
	<u>General Fund</u>	<u>Sales Tax</u>	<u>Recreational Sales Tax</u>		
<u>Revenues</u>					
Property Taxes	\$ 804,076	\$ -	\$ -	\$ -	\$ 804,076
Sales Taxes	635,237	1,274,184	637,092	-	2,546,513
Franchise Taxes	183,651	-	-	-	183,651
Licenses and Permits	216,812	-	-	-	216,812
Intergovernmental	354,861	212,088	-	-	566,949
Charges for Services	530,320	-	-	-	530,320
Fines and Forfeits	51,201	-	-	-	51,201
Miscellaneous	211,510	619	42,941	5,445	260,515
Interest Income	30,279	10,916	6,019	1	47,215
Sale of Assets	31,300	-	-	-	31,300
Total Revenues	\$ 3,049,247	\$ 1,497,807	\$ 686,052	\$ 5,446	\$ 5,238,552
<u>Expenditures</u>					
General Government	\$ 502,983	\$ 158,249	\$ 331,369	\$ 15,696	\$ 1,008,297
Public Safety	923,208	260	-	-	923,468
Fire Department	399,987	-	-	-	399,987
Sanitation Department	572,247	-	-	-	572,247
Streets	-	615,012	-	-	615,012
Capital Outlay	466,438	451,059	-	-	917,497
Debt Service:					
Principal Payments	58,883	78,322	175,000	-	312,205
Interest and Other	6,627	35,207	50,225	-	92,059
Total Expenditures	\$ 2,930,373	\$ 1,338,109	\$ 556,594	\$ 15,696	\$ 4,840,772
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ 118,874	\$ 159,698	\$ 129,458	\$ (10,250)	\$ 397,780
<u>Other Financing Sources and (Uses)</u>					
Transfers In	\$ 125,000	\$ -	\$ -	\$ 30,785	\$ 155,785
Transfers Out	(85,785)	(27,000)	(10,000)	-	(122,785)
Total Other Financing	\$ 39,215	\$ (27,000)	\$ (10,000)	\$ 30,785	\$ 33,000
<u>Net Change in Fund Balance</u>	\$ 158,089	\$ 132,698	\$ 119,458	\$ 20,535	\$ 430,780
<u>Fund Balance - Beginning (Restated)</u>	2,397,277	939,283	677,395	57,136	4,071,091
<u>FUND BALANCE - ENDING</u>	\$ 2,555,366	\$ 1,071,981	\$ 796,853	\$ 77,671	\$ 4,501,871

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 430,780

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Loss on Disposal of Assets	(371)
Capital Outlay - Net	870,345
Depreciation expense	(619,241)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayments of the principal of a long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The detail of these differences in the treatment of long-term debt and related items is as follows:

2012 Bond Payments	175,000
2016 Bond Payments	34,000
USDA Loan Payments	19,322
2010 Bond Payments	25,000
Ruston Lease Payments	27,650
BancorpSouth - Lease Payments	31,233

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.

Change in Compensated Absences	(814)
Change in Net Pension Liability	6,590
Change in Other Post Employment Benefit	54,850
Change in Deferred Inflows/Outflows	491,073

Change in Net Position in Governmental Activities \$ 1,545,417

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

<u>ASSETS</u>	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Total
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 831,032	\$ 187,134	\$ 1,018,166
Accounts Receivable, Net	271,480	-	271,480
Due from Other Governments	210,835	-	210,835
Prepaid Insurance	14,628	7,060	21,688
Total Current Assets	\$ 1,327,975	\$ 194,194	\$ 1,522,169
<u>Non-Current Assets from Restricted Assets</u>			
Cash and Cash Equivalents			
Water Fund - Meter Deposits	\$ 215,464	\$ -	\$ 215,464
Depreciation and Contingency Fund	133,496	273,935	407,431
Construction Checking	110	50	160
USDA Accounts	216,689	-	216,689
Total Restricted Assets	\$ 565,759	\$ 273,985	\$ 839,744
Capital Assets:			
Property, Plant and Equipment at Cost	\$ 11,472,565	\$ 8,631,491	\$ 20,104,056
Less: Accumulated Depreciation	(5,092,261)	(4,342,740)	(9,435,001)
Land	25,752	-	25,752
Total Capital Assets	\$ 6,406,056	\$ 4,288,751	\$ 10,694,807
<u>TOTAL ASSETS</u>	\$ 8,299,790	\$ 4,756,930	\$ 13,056,720
<u>Deferred Outflows of Resources</u>	80,648	18,103	98,751
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 267,748	\$ 9,293	\$ 277,041
Estimated and Retainage Payable	10,542	-	10,542
Accrued Liabilities	30,873	5,052	35,925
Total Current Liabilities	\$ 309,163	\$ 14,345	\$ 323,508

Continued on next page.

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	Water	Sewer	Total
<u>Liabilities Payable from Restricted Assets</u>			
Customer Deposits	\$ 177,639	\$ -	\$ 177,639
Bonds Payable	49,767	20,000	69,767
Accrued Interest Payable	-	948	948
Total Payable from Restricted Assets	\$ 227,406	\$ 20,948	\$ 248,354
<u>Long Term Liabilities</u>			
Due To/From Sewer Funds	\$ 116,689	\$ (87,469)	\$ 29,220
Due To/From Other Funds	102,379	-	102,379
Bonds Payable	2,010,629	210,000	2,220,629
Post Retirement Benefits	134,392	62,542	196,934
Net Position Liability	610,850	137,195	748,045
Total Long-Term Liabilities	\$ 2,974,939	\$ 322,268	\$ 3,297,207
<u>TOTAL LIABILITIES</u>			
	\$ 3,511,508	\$ 357,561	\$ 3,869,069
<u>Deferred Inflows of Resources</u>			
Resources Related to Pensions	\$ 43,538	\$ 10,447	\$ 53,985
<u>Net Position</u>			
Invested in Capital Assets Net of Related Debt	\$ 4,345,660	\$ 4,058,751	\$ 8,404,411
Restricted for Debt Service	350,184	273,985	624,169
Unrestricted	129,548	74,289	203,837
Total Net Position	\$ 4,825,392	\$ 4,407,025	\$ 9,232,417

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<u>Operating Revenues</u>			
Charges for Services	\$ 1,465,892	\$ 498,646	\$ 1,964,538
Miscellaneous	98,964	28,253	127,217
Total Operating Revenues	\$ 1,564,856	\$ 526,899	\$ 2,091,755
<u>Operating Expenses</u>			
<u>Administrative Expenses</u>			
Salaries and Employee Benefits	\$ 469,682	\$ 133,103	\$ 602,785
Bad Debt Expense	24,978	-	24,978
Advertising	120	-	120
Auditing	11,500	1,650	13,150
Bank Charges	791	-	791
Computer Expense	1,733	-	1,733
Dues	1,343	-	1,343
Insurance - Liability	53,632	10,398	64,030
Miscellaneous	3,816	503	4,319
Office Supplies	5,816	-	5,816
Postage	9,820	-	9,820
Equipment and Truck Expense	27,957	10,899	38,856
Telephone Expense	7,876	2,258	10,134
Travel and Training	1,282	1,085	2,367
Water Bill Cost	12,245	-	12,245
Total Administration	\$ 632,591	\$ 159,896	\$ 792,487
<u>Materials and Supplies</u>			
Chlorine	\$ 42,544	\$ 684	\$ 43,228
Scada Network	8,520	-	8,520
Ozone #3 Expenses	49,423	-	49,423
Chemicals Test	1,606	12,969	14,575
Grant Expenses	20,000	-	20,000
Supplies	44,869	8,880	53,749
Pump Repairs	-	113,260	113,260
Equipment Maintenance	4,719	-	4,719

Continued on next page.

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
<u>Materials and Supplies</u> (continued)			
Safe Drinking Program	20,196	-	20,196
Major Well and Tank Repairs	10,911	-	10,911
Poultry Pride Water Well Repairs	251,516	-	251,516
Vehicle/Equipment Fuel	11,899	-	11,899
Treatment Plant Repairs	-	33,786	33,786
Utilities	98,415	52,155	150,570
Total Materials and Supplies	\$ 564,618	\$ 221,734	\$ 786,352
Depreciation and Amortization	\$ 383,893	\$ 203,017	\$ 586,910
Total Operating Expenses	\$ 1,581,102	\$ 584,647	\$ 2,165,749
Net Operating Income (Loss)	\$ (16,246)	\$ (57,748)	\$ (73,994)
<u>Non-Operating Revenues Expenses</u>			
Interest Income	\$ 8,624	\$ 3,228	\$ 11,852
Interest Expense	(39,487)	(12,210)	(51,697)
Grants/LCDBG	241,910	-	241,910
Sales of Assets	(5,523)	-	(5,523)
Transfers In (Out)	(30,000)	(3,000)	(33,000)
Total Non-Operating Revenues (Expenses)	\$ 175,524	\$ (11,982)	\$ 163,542
<u>Changes in Net Position</u>	\$ 159,278	\$ (69,730)	\$ 89,548
<u>Net Position - Beginning of the Year (Restated)</u>	4,666,114	4,476,755	9,142,869
<u>Net Position - End of the Year</u>	\$ 4,825,392	\$ 4,407,025	\$ 9,232,417

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Cash Flows From Operating Activities</u>			
Receipts from Customers	\$ 1,562,009	\$ 527,099	\$ 2,089,108
Payments to Supplies	(542,755)	(221,775)	(764,530)
Payments to Employers and Employee Benefits	(465,829)	(133,103)	(598,932)
Other Receipts (Payments)	(144,608)	(29,305)	(173,913)
Net Cash Provided by Operating Activities	\$ 408,817	\$ 142,916	\$ 551,733
<u>Cash Flows From Noncapital Financing Activities</u>			
Customer Deposits	\$ 5,470	\$ -	\$ 5,470
Due To/From Other Funds	(4,259)	-	(4,259)
Due To/From Sewer/Water Dept	(8,050)	8,050	-
Transfer to Other Funds	(30,000)	(3,000)	(33,000)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ (36,839)	\$ 5,050	\$ (31,789)
<u>Cash Flows From Capital and Related Financing Activities</u>			
Purchase of Capital Assets	\$ (348,209)	\$ -	\$ (348,209)
Interest Expense	(39,487)	(12,293)	(51,780)
Sale of Assets	(5,523)	3,000	(2,523)
Payment on Long-Term Debt	(49,589)	(20,000)	(69,589)
Grants	323,886	34,113	357,999
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (118,922)	\$ 4,820	\$ (114,102)
<u>Cash Flows From Investing Activities</u>			
Interest Earned on Investments	\$ 8,624	\$ 3,228	\$ 11,852
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	\$ 261,680	\$ 156,014	\$ 417,694
Cash and Cash Equivalents - Beginning of Year	1,135,111	305,105	1,440,216
Cash and Cash Equivalents - End of Year	\$ 1,396,791	\$ 461,119	\$ 1,857,910

Continued on next page.

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Reconciliation of Cash and Cash</u>			
<u>Equivalents to the Statement of</u>			
<u>Net Position</u>			
Cash and Cash Equivalents	\$ 831,032	\$ 187,134	\$ 1,018,166
Restricted Cash			
Water Fund	215,464	-	215,464
Depreciation and Contingency Fund	133,496	273,935	407,431
USDA Accounts	216,689	-	216,689
Construction Checking	110	50	160
<u>Total Cash and Cash Equivalents</u>	<u>\$ 1,396,791</u>	<u>\$ 461,119</u>	<u>\$ 1,857,910</u>
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Flows from Operating Activities</u>			
Net Operating Income (Loss)	\$ (16,246)	\$ (57,748)	\$ (73,994)
Adjustments to Reconcile Net Income (Loss) to			
Net Cash Used by Operating Activities			
Depreciation	383,893	203,017	586,910
(Increase) Decrease in Accounts Receivable	(2,847)	200	(2,647)
(Increase) Decrease in Due from Other Govts	(210,835)	-	(210,835)
(Increase) Decrease in Prepaid Insurance	13,848	3,581	17,429
Increase (Decrease) in Accounts Payable	222,156	(41)	222,115
Increase (Decrease) in Retainage Payable	10,542	-	10,542
Increase (Decrease) in Accrued Liabilities	8,306	(6,093)	2,213
<u>Net Cash Provided (Used) by Operating Accounts</u>	<u>\$ 408,817</u>	<u>\$ 142,916</u>	<u>\$ 551,733</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Introduction

The Town of Farmerville, Louisiana (hereafter referred to as the Town) is governed by a “Special Legislative Charter” that was approved by the Louisiana State Legislature in 1842, which was amended in 1870, The Town must have an elected Mayor, five Aldermen/Alderwomen and a Marshal. See Schedule G for a detail of compensation.

The Town’s major operations include water and sewer, public safety, fire protection, recreation and parks, and general administrative services.

The Town is located in Union Parish surrounded by Darbonne Lake recreation area. The Town’s major industry is timber and poultry, which included a poultry processing plant. The Town’s population was 3,820 in 2017.

Note 1 - Summary of Significant Accounting Policies

A. Basis of Presentation

The accounting and reporting policies of the Town of Farmerville, Louisiana conform to generally accepted accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Government Units (Revised). The following is a summary of certain significant accounting policies.

GASB Statement No 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a general-purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASB statement No. 14, fiscally independent means that the municipality may, without 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. The municipality has oversight of other component units that are either blended into the municipalities’ basic financial statements or discretely presented in a separate column in the government-wide financial statements.

Blended Component Units – The Town of Farmerville did not have any blended component units.

Discretely Presented Component Units - The Town of Farmerville did not have any Discretely Presented Components Units.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

B. Financial Reporting Entity

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

C. 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 in the period in which the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. In accordance with Government Accounting Standards Board Statement of Activities for the Town as a whole. These statements include the primary government, if applicable, with the exception of fiduciary funds. Those funds are reported separately. Government-Wide accounting is designed to provide a more comprehensive view of the government's operations and financial position as a single economic entity.

Part of the effect of interfund has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree, to which the direct expense 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 charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meetings, the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

D. Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statements of Net Position except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The allocation of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities. Allocated expenses are reported by the function to which they are allocated.

E. Application of FASB Statements and Interpretations

Reporting on governmental-type and business-type activities are based on FASB Statements and the Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

F. Capitalized Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Amounts less than \$500 are not capitalized unless they are considered major by the mayor or council. Infrastructure assets such as roads and bridges are also capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statement of Net Position. Depreciation of contributed assets of proprietary funds is charged against contributed capital as opposed to unrestricted assets.

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

G. Program Revenues

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

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

H. Indirect Expenses

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

I. Operating Revenues

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

J. Restricted Net Assets

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in its commitments or assignments actions.

K. Pensions

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

L. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

M. Fund Accounting

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

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

N. Governmental Funds

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

1. Major Governmental Funds

General Fund – is the general operating fund of the Town and accounts for all financial resources, except those required to be accounted for in other funds. Starting, as of July 1, 2012, the police department and fire department were transferred to separate accounts. The police department and the fire department have funds restricted to police and fire department expenditures. A one half percent sales tax was passed for the police department.

Special Revenue Funds – Sales Tax

The Town of Farmerville Sales Tax Department – The Citizens of the Town of Farmerville approved a 1% sales and use tax. Proceeds of the tax have been pledged and dedicated to the retirement of Sales Tax Bonds dated May 1, 1985, which has been retired. The excess funds can be used for streets and sanitation expenditures.

Special Revenue Funds – Recreational Sales Tax

On October 20, 2001 and additional ½ of 1% sales and use tax was approved. This tax was approved for construction of a recreation center and street improvements. Bonds were sold in the amount of \$2,900,000 for construction of the recreation center and improvements of the streets. The street construction was completed during 2002. The recreation center was completed at June 30, 2004. The 2002 bonds were paid off from a 2012 bond issue. The sales taxes approved in 2001 are to be used for retirement of the 2012 bonds, recreation center costs, and street improvements.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

2. Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

- a. Farmerville Volunteer Fire Department, Inc. – The Town of Farmerville Volunteer Fire Department filed an amendment to the Articles of Incorporation on January 22, 2001. The also filed for tax exempt status from the Internal Revenue Service. They are a tax exempt organization under the code sections 509(a) (1) and 170(b) (A) (VI). Based on an opinion, at June 30, 2002, of the Louisiana Legislative Auditor’s office, the Volunteer Fire Department, should be included in the Town’s financial statements as a Special Revenue Fund. In prior years the Volunteer Fire Department had been included in the statements as a component unit of the Town of Farmerville. The Volunteer Fire Department expenditures for operating the fire department is paid by the Town of Farmerville’s General Fund. The transactions in the Volunteer Fire Department, Inc. is for miscellaneous fund raisers and miscellaneous expense for the volunteer fireman. The Town transfers the State of Louisiana 2% rebate to the Volunteer Fire Department, and is accumulated for purchase of equipment. Contributors to the Volunteer Fire Departments elect all the members of the governing board. The governing board is solely responsible for the Volunteer Fire Department Operations. The accounting records are maintained by an employee of the Town of Farmerville.
 - b. Farmerville Area Fire Protection District of Union Parish – The Union Parish Police Jury created the Farmerville Area Fire Protection District of Union Parish on November 2, 1999. The Fire District was created to pass a property tax to provide fire protection for an area of the parish without fire protection. The Union Parish Police Jury entered into an intergovernmental agreement with the Town of Farmerville to provide fire protection for the newly created district. The Fire District will retain 5% of the ad valorem taxes in their checking account. All other proceeds will be transferred to the Town of Farmerville, to be used by the Town’s Fire Department. Based on an opinion of the Louisiana Legislative Auditor’s Office, the Fire Protection District should be included in the Town’s financial statements as a Special Revenue Fund.
3. Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payments of, general long-term debt principal, interest and related costs.
 4. Capital Projects funds – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

O. Proprietary Funds

Proprietary Funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary Funds differ from Governmental Funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary Funds include;

1. Enterprise Funds – Account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body had decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town's Enterprise Fund includes services for water and sewer.
 - a. The Town of Farmerville Water Department – The Town of Farmerville rates for user charges are approved by the Town Council and the legal liability for the general obligations portion of the water authority's debt remain with the Town of Farmerville.
 - b. The Town of Farmerville Sewer Department – The Sewer charges are approved by the Town Council but are regulated by the EPA.

P. Basis of Accounting/Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type and business-type activities are included in the Statement of Net Position. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated in each fund.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

P. Basis of Accounting/Measurement Focus (continued)

This same measurement focus and basis of accounting is used by proprietary funds in the fund statements. However, all governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. Operating statements present increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses, when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as other financing sources and repayment of long-term debt is reported as an expenditure.

Q. Budgets and Budgetary Accounting

The Town adopts an annual budget for the General Fund, Special Revenue Funds, and Enterprise Fund. It is prepared in accordance with the basis of accounting utilized by that fund. Any revisions that alter the total expenditures must be approved by the council. Budgeted amounts shown are as originally adopted or as amended by the Board. Budget amendments are passed in June each year. The police and fire departments are part of the general fund, separate budgets are prepared because of restricted revenues.

R. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits and certificates of deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities, plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. The

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

R. Cash and Cash Equivalents (continued)

State of Louisiana banking regulations require the FDIC to ensure \$250,000 of checking and savings for each municipality.

S. Investments

Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value with the corresponding increase or decrease reported in investment earnings. All investments of the Town are certificates of deposits held at Marion State Bank and Origin Bank and the fair value is determined by the face value of the certificate.

T. Bad Debts

Uncollectible amounts for ad valorem taxes are generally not significant. The Town records ad valorem taxes on a cash basis, so no receivables are recorded until year end. Any ad valorem taxes collected within 60 days of year end are considered receivable, so bad debts are not recorded and are considered immaterial. For customers' utility receivables, the allowance method is used to account for uncollectible amounts. Under this method, an allowance account is set up for what is deemed to be uncollectible.

U. Inventories

Inventories are not considered material and are therefore not recorded. The Town purchases supplies as needed and do not maintain inventory quantities on hand.

V. Short-Term Interfund Receivable/Payables

During the course of operation, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements' balance sheet. In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize their "grossing up" effect on assets and liabilities within the governmental activities column.

W. Restricted Assets

Certain proceeds of the governmental funds and the enterprise funds are classified as restricted assets on the balance sheet because their use is limited. The Town recognizes the use of restricted resources for expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted assets are used.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

X. Prepaid Items

The Town purchases commercial insurance to cover their risk. Insurance companies usually require the premiums to be paid in advance of the coverage periods.

Y. Capital Assets

The Town's assets are recorded as historical cost. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Equipment and Furniture	3 – 10 Years
Utility Plant/Sewer Collection System	5 – 40 Years
Vehicles	5 – 10 Years
Buildings	39 – 40 Years
Infrastructure	40 - 60 Years

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the general purpose financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the Town has elected to not its governmental infrastructure retroactively. The infrastructure currently being depreciated over a period of 40 years is the water and sewer system that is reported in the business-type activities of the Town. From this point forward, the Town will use the basic approach to infrastructure reporting for its governmental activities.

Z. Compensated Absences

The Town's maximum vacation pay carry forward each year is 40 hours. Sick pay is limited to 480 hours carryforward. Any vacation pay is paid at the termination of employment, while sick time is not guaranteed. Unpaid vacation time has been recorded as an accrued payable, while sick time has not.

AA. Long-Term Obligation

In the government-wide financial statements, debt principal payments of both government and business-type activities are reported as decreases in the balance of the liability on the Statement of Net Position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid. See Note #6 for detail.

BB. Fund Equity

GASB Statement Number 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

BB. Fund Equity (continued)

fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: Restricted, Committed, Assigned and Unassigned.

- a. Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
- b. Committed Fund Balance – These amounts can only be used for specific purposes determined by formal resolutions or ordinances of the Town Council – the government’s highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town Aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- c. Assigned Fund Balance – This classification reflects the amounts whose intent is to be used for specific purposes, but are neither restricted nor committed. The Town Council and Management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.
- d. Unassigned Fund Balance – This fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

CC. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of 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 these estimates.

DD. Major – Non-Major Funds

The Town's Major Funds are: General Fund, Sales Tax, Recreation Sales Tax and Business Type Funds – Water and Sewer. The Non-Major Funds: Volunteer Fire Department and Farmerville Area Fire Protection District. In prior year's financial statements, the Debt Service Funds were reported as a separate fund. As of June 30, 2018, the Debt Service Funds were transferred to the funds responsible for payment of the debt. The Debt Service funds increased the fund balance to the Sales Tax Fund and the Non-Major Funds.

Note 2 - Cash and Investments

Custodial Credit Risk – Deposits

The custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the Town had no custodial risk related to its deposits at June 30, 2021.

At June 30, 2021, the Town has cash and cash equivalents (book balances net of overdrafts) in the amount of \$5,996,641

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

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable by both parties. Cash and cash equivalents (bank balances) at June 30, 2021, are secured as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 2 - Cash and Investments(continued)

Bank Balances	\$ <u>5,757,971</u>
Federal Deposits Insurance	\$ 522,596
Pledged Securities (Uncollateralized)	<u>6,601,751</u>
<u>TOTAL</u>	<u>\$ 7,124,347</u>
Governmental Funds Cash	\$ 4,138,731
Enterprise Funds Cash	<u>1,857,910</u>
 <u>TOTAL BOOK BALANCES BY FUND TYPE</u>	 <u>\$ 5,996,641</u>

The FDIC issued an updated description of the explanation of savings deposits as follows: (The insurance coverage of public unit accounts depends upon the type of deposit and location of the insured depository institution. All time and savings deposits owned by a public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. Separately, all demand deposits owned by the public unit and held by the same official custodian in an insured depository institution within the state in which the public unit is located are added together and insured up to \$250,000. For the purpose of these rules, the term “savings deposits” includes NOW accounts, money market deposit accounts, and other interest-bearing checking accounts.)

Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, R.S.39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Investments

Custodial Credit Risk – Investments

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town had no custodial credit risk related to its investments on June 30, 2021.

Under state law, the Town may invest funds in obligations of the United States, in federally insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At June 30, 2021, the Town had the following investments stated at cost, which approximates market:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 2 - Cash and Investments(continued)

Interest Rate Risk

In accordance with its investment policy, the Town manages its exposure to declines in fair market values by limiting investment portfolio to “money market investments”, which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk

The Town’s investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk

The Town’s investment policy limits the Town’s investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

Note 3 - Receivables/Allowance for Doubtful Accounts

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes, franchise taxes, licenses, and interest associated within the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Receivables at June 30, 2021 consist of the following:

	<u>Governmental</u> <u>Funds</u>	<u>Proprietary</u> <u>Funds</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ 271,480	\$ 271,480

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 4 - Due From Other Governments

The amounts due from other governments at June 30, 2021 are as follows:

Union Parish Sales and Use Tax Commission	\$ 238,209
Louisiana Office of Community Development	210,835
Various	<u>-</u>
<u>TOTAL</u>	<u>\$ 449,044</u>

Note 5 - Capital Assets

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>June 30, 2020</u>			<u>June 30, 2021</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities:				
Non-Depreciable Assets:				
Land	\$ 349,336	\$ -	\$ -	\$ 349,336
Depreciable Assets:				
Buildings	2,359,864	200,000	-	2,559,864
Improvements	1,217,053	98,753	-	1,315,806
Machinery and Equipment	6,087,138	221,030	(141,634)	6,166,534
Infrastructure	<u>6,158,280</u>	<u>352,847</u>	<u>-</u>	<u>6,511,127</u>
Total at Historical Cost	\$16,171,671	\$ 872,630	\$ (141,634)	\$ 16,902,667
Less Accumulated				
Depreciation for:				
Buildings	\$(807,089)	\$(58,355)	\$ -	\$(865,444)
Improvements	(585,250)	(34,367)	-	(619,617)
Machinery and Equipment	(4,215,036)	(327,044)	141,263	(4,400,817)
Infrastructure	<u>(1,477,999)</u>	<u>(199,475)</u>	<u>-</u>	<u>(1,677,474)</u>
Total Accumulated				
Depreciation	(7,085,374)	(619,241)	141,263	(7,563,352)
<u>Government Activities Capital</u>				
<u>Assets, Net</u>	<u>\$ 9,086,297</u>	<u>\$ 253,389</u>	<u>\$ (371)</u>	<u>\$ 9,339,315</u>
Business-Type Activities:				
Non-Depreciable Assets:				
Land	\$ 25,752	\$ -	\$ -	\$ 25,752
Construction in Process	<u>-</u>	<u>284,635</u>	<u>-</u>	<u>284,635</u>
Total Non-Depreciable				
Assets	25,752	284,635	-	310,387
Depreciable Assets:				
Sewer Department	8,661,491	-	(30,000)	8,631,491
Water Department	<u>11,184,638</u>	<u>63,026</u>	<u>(59,734)</u>	<u>11,187,930</u>
Totals at Historical Cost	19,846,129	63,026	(89,734)	19,819,421

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 5 - Capital Assets (continued)

Less Accumulated				
Depreciation for:				
Sewer Department	(4,166,723)	(203,017)	27,000	(4,342,740)
Water Department	(4,764,198)	(383,893)	55,830	(5,092,261)
Total Accumulated				
Depreciation	(8,930,921)	(586,910)	82,830	(9,435,001)
<u>Business-Type Activities</u>				
<u>Capital Assets, Net</u>	<u>\$10,940,960</u>	<u>\$ (242,629)</u>	<u>\$ (6,904)</u>	<u>\$ 10,694,807</u>

Depreciation expense for the year ended June 30, 2021 was charged to functions of the Town as follows:

Government Activities:	
General Government	\$ 199,635
Public Safety	38,703
Fire	197,235
Garbage	57,652
Recreation Center	52,320
Streets	<u>73,696</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 619,241</u>
Business-Type Activities:	
Water	383,893
Sewer	<u>203,017</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 586,910</u>

Note 6 - Compensation

See page 73 for detail schedule of compensation paid to elected officials. On page 72 is a schedule of compensation benefits and other payments to the Mayor. The Police Chief is also the elected Marshal. In that capacity he receives \$700 a month. He also receives a salary for his position as Chief of Police.

Note 7 - Employee Retirement

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

Substantially all town employees, except firemen and policemen are members of the Municipal Employees' Retirement System of Louisiana (MERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Each of these are separated by first employment date of which those before January 1, 2013 are in Plan A and those after in Plan A Tier 2. All members participate in Plan A or Plan A Tier 2 based on those dates.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

All permanent employees working at least 35 hours per week and elected town officials are required to participate in the system. Under the MERS Plan A, a member who retires at or after age 60 with at least 10 years of creditable service or at any age with 25 years of creditable service is entitled to a full retirement benefit, payable monthly for life, equal to 3 percent of the member's final compensation multiplied by his years of creditable service. With MERS Plan A Tier 2, a member who retires at or after age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service or at 55 age with 30 years of creditable service are entitled to the same benefits as noted with Plan A.

Final compensation is a member's average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted. A member who withdraws from active service prior to retirement eligibility is entitled to receive benefits beginning on the normal retirement date, assuming completion of the required years of creditable service and no prior refund of contributions. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy – State statute requires covered employees to contribute 9.5 percent of their salaries to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The current actuarially determined rate is 29.5 percent of annual covered payroll. The Town's contributions to the System under Plan A for the years ending June 30, 2021, 2020 and 2019 were \$281,404, \$266,317 and \$254,345, respectively, equal to the required contributions for each year.

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

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

At June 30, 2021, the Town reported a liability of \$2,171,047 for its proportionate share of the net pension liability for the MERS plan. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.5022%, which was a decrease of 0.0271% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized net pension expense of \$269,435 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$74,486.

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,007	\$ (12,307)
Changes of assumptions	36,524	-
Net difference between projected and actual earnings on pension plan investments	216,648	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	(125,221)
Employer contributions subsequent to the measurement date	281,404	-
Total	\$ 535,583	\$ (137,528)

The Town reported a total of \$281,404 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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

Year	MERS
2021	\$ 174
2022	35,494
2023	49,227
2024	31,757
	\$ 116,652

Actuarial Assumptions

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

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

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

Actuarial Assumptions:

Expected Remaining Service Lives 3 years

Investment Rate of Return/

Inflation Rate 6.95%, net of investment expense; 2.50% inflation

Projected salary increases 4.5 to 6.4%

Employee mortality

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

Disabled lives mortality

PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP 2018 scale

Annuitant and beneficiary mortality

PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales

Discount Rate

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

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

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public fixed income	38%	1.67%
Alternative Investments	9%	0.40%
Total	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the 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 effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2020 is 3 years.

Sensitivity of the Employer's Proportionate Share of the 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MERS			
Rates	5.95%	6.95%	7.95%
TOF Share - NPL	\$ 2,824,295	\$2,171,047	\$1,618,699

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

All full-time police officers engaged in law enforcement are required to participate in the Municipal Police Employees' Retirement System (MPERS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. Members who started prior to January 1, 2013 can retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 percent of his average final compensation.

Average final compensation is the average annual earned compensation of a member for any period of 36 successive or joined months of service that produces the highest average.

Members who started on or after January 1, 2013 retire under one of two plans, Hazardous Duty or Non Hazardous Duty. Under Hazardous Duty, at or after age 55 with 12 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation. Under Non Hazardous Duty, at or after age 60 with 10 years of creditable service, 25 years of credible service at age 55, or at any age with 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 1/2 percent of the member's average final compensation, not to exceed 100 percent of his average final compensation.

For these members, average final compensation is the average annual earned compensation of a member for any period of 60 successive or joined months of service that produces the highest average.

The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 33.75 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Town's contributions to the System for the years ending June 30, 2021, 2020 and 2019 were \$13,491, \$27,366 and \$17,577 respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225) 929-7411.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

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

At June 30, 2021, the Town reported a liability of \$173,349 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town's proportion was .0188%, which was an increase of .0014% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$20,889 net of employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$7,003.

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (6,828)
Changes of assumptions	4,119	(4,278)
Net difference between projected and actual earnings on pension plan investments	20,797	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,172	(22,278)
Employer contributions subsequent to the measurement date	13,491	-
Total	<u>\$ 49,579</u>	<u>\$ (33,384)</u>

The Town reported a total of \$13,491 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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

Year	MPERS
2021	\$ (4,722)
2022	(3,136)
2023	6,612
2024	3,950
	<u>\$ 2,704</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

Actuarial Assumptions

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

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return/Inflation Rate	6.95%, net of investment expense, 2.50% inflation
Projected salary increases	4.70 to 12.30% based on years of service
Mortality	For employees, the Pub-2010 Public Retirement Plan 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
	For disabled lives, the Pub-2010 Public Retirement Plan 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
	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was used

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

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and the review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table which appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combines with a standard table to produce current levels of mortality.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

The best estimates of the arithmetic nominal rates of return for each major asset class included in the system's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternative Investments	18.00%	1.02%
Other	0.00%	0.00%
Total	<u>100%</u>	<u>4.64%</u>
Inflation		2.55%
Expected Arithmetic Nominal Return		7.19%

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, 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.

Sensitivity of the Employer's Proportionate Share of the 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:

	<u>1.0% Decrease</u>	<u>Current Discount Rate</u>	<u>1.0% Increase</u>
MPERS			
Rates	5.95%	6.95%	7.95%
TOF Share- NPL	\$ 243,537	\$ 173,349	\$ 114,675

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

FIREFIGHTERS' RETIREMENT SYSTEM

All full-time firefighters for the Town who are engaged in fire protection are eligible to participate in the Firefighters' Retirement System (FRS), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

A member who has completed 20 years of creditable service and has reached the age of 50, with at least 12 years of service who has reached the age of 55, as well as anyone with 25 years of service at any age are eligible for retirement. Upon retirement, the benefit amount is 3-1/3 percent of average final compensation multiplied by years of creditable service, not to exceed his average final compensation. Average final compensation is the member's average annual earned compensation for any period of 36 successive or joined months of service that produce the highest average. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy - State statute requires covered employees to contribute 10.00 percent of their salaries to the system. The Town is required to contribute 32.25 percent of covered employees' salaries. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contribution to the System for the years ending June 30, 2021, 2020 and 2019 were \$41,426, \$34,724, and \$33,400, respectively, equal to the required contributions for the year.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809-1752, or by calling (225) 925-4060.

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

At June 30, 2021, the Town reported a liability of \$350,896 for its proportionate share of the net pension liability for the FRS plan. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the FRS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Town's proportion was .0506%, which was a decrease of 0.0021% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$68,539 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$8,236.

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$(22,450)
Changes of assumptions	33,921	-
Net difference between projected and actual earnings on pension plan investments	38,643	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	58,629	(16,956)
Employer contributions subsequent to the measurement date	41,426	-
Total	\$ 172,619	\$ (39,406)

The Town reported a total of \$41,426 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended June 30, 2021.

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

Year	FRS
2021	\$ 15,476
2022	24,291
2023	22,942
2024	19,485
2025 and thereafter	9,593
	\$ 91,787

Actuarial Assumptions

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

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.00%, net of investment expense
Inflation Rate	2.50 per annum
Projected salary increases	5.2-14.1% per year based on years of service
Mortality	For active members, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below_Median Employees For annuitants and beneficiaries, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Below_Median Heathy Retirees For disabled retirees, mortality was set equal to the PUB-2010 Public retirement Plans Mortality Table for Safety Disabled Retirees In all cases, the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.
Cost of Living Adjustments	Only those previously granted.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns and the correlation of the returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined.

Asset Class	Target Asset Allocation
Equity	54.00%
Fixed Income	31.00%
Alternative Investments	15.00%
Multi-Asset Strategies	0.00%
Total	100.00%

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 7 - Employee Retirement (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the 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.

Sensitivity of the Employer's Proportionate Share of the 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:

FRS	1.0% Decrease	Current Discount Rate	1.0% Increase
Rates	6.00%	7.00%	8.00%
TOF Share- NPL	\$ 506,866	\$ 350,896	\$ 220,707

Note 8 - Long-Term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds and Notes Payable:					
Certificates of Indebtedness,					
2012 Revenue Bonds	\$ 1,395,000	\$ -	\$ 175,000	\$ 1,220,000	\$ 185,000
2010 Revenue Bonds	310,000	-	25,000	285,000	25,000
2016 Revenue Bonds	452,000	-	34,000	418,000	36,000
USDA	<u>124,518</u>	<u>-</u>	<u>19,322</u>	<u>105,196</u>	<u>20,135</u>
Total Governmental Bonds					
And Notes Payable	2,281,518	-	253,322	2,028,196	266,135
Other Liabilities:					
Lease Purchase	144,033	-	31,233	112,800	112,800
Lease Purchase	159,990	-	27,650	132,340	18,640
Accrued Vacation, Sick And Compensatory Time	<u>78,220</u>	<u>814</u>	<u>-</u>	<u>79,034</u>	<u>79,034</u>
Total Other Liabilities	<u>382,243</u>	<u>814</u>	<u>58,883</u>	<u>324,174</u>	<u>210,474</u>
Total Governmental Activities					
Long-Term Debt	<u>\$ 2,663,761</u>	<u>\$ 814</u>	<u>\$ 312,205</u>	<u>\$ 2,352,370</u>	<u>\$ 476,609</u>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 8 - Long-Term Debt (continued)

Business-Type Activities:

Bonds and Notes Payable:

Certificates of Indebtedness,

Sewer Revenue Bonds	\$ 250,000	\$ -	\$ 20,000	\$ 230,000	\$ 20,000
USDA Loan	2,081,883	-	40,237	2,041,646	40,237
USDA Loan	28,102	-	9,353	18,749	9,530

Other Liabilities:

Accrued Vacation, Sick
And Compensatory Time
Business-Type Activities

36,614	-	689	35,925	35,925
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Total Business-Type Activities

<u>Long-Term Debt</u>	<u>\$2,396,599</u>	<u>\$ -</u>	<u>\$ 70,279</u>	<u>\$ 2,326,320</u>	<u>\$ 105,692</u>
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Principal and interest requirements to retire the Town's bonds and obligations are as follows for their governmental funds:

Year Ended <u>June 30,</u>	<u>2010 Revenue Bond</u>		<u>2012 Revenue Bond</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 25,000	\$ 14,108	\$ 185,000	\$ 44,713
2023	25,000	12,870	190,000	38,608
2024	30,000	11,633	200,000	32,053
2025	30,000	10,148	205,000	24,853
2026	30,000	9,565	215,000	15,545
2027-2031	145,000	17,411	225,000	10,506
2032-2046	-	-	-	-
Total	<u>\$ 285,000</u>	<u>\$ 75,735</u>	<u>\$ 1,220,000</u>	<u>\$ 166,278</u>

Year Ended <u>June 30,</u>	<u>2016 Revenue Bonds</u>		<u>USDA</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 36,000	\$ 14,839	\$ 20,135	\$ 3,961
2023	39,000	13,370	20,981	3,115
2024	41,000	12,177	21,863	2,233
2025	43,000	10,721	22,782	1,314
2026	46,000	9,166	19,435	358
2027-2031	275,000	40,830	-	-
2032-2036	<u>367,000</u>	<u>25,765</u>	-	-
Total	<u>\$ 418,000</u>	<u>\$ 126,868</u>	<u>\$105,196</u>	<u>\$10,981</u>

Principal and interest requirements to retire the Town's bonds and obligations are as follows for their business type funds:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 8 - Long-Term Debt (continued)

Year Ended <u>June 30,</u>	Sewer Revenue Bonds		USDA	
	Principal	Interest	Principal	Interest
2022	\$ 20,000	\$ 11,385	\$ 9,530	\$ 451
2023	20,000	10,395	9,219	584
2024	25,000	9,405	-	-
2025	25,000	8,168	-	-
2026	25,000	6,765	-	-
2027-2031	115,000	14,472	-	-
2032-2036	-	-	-	-
2037-2041	-	-	-	-
<u>Total</u>	<u>\$ 230,000</u>	<u>\$ 60,590</u>	<u>\$ 18,749</u>	<u>\$ 1,035</u>

Year Ended <u>June 30,</u>	USDA	
	Principal	Interest
2022	\$ 40,237	\$ 37,927
2023	42,127	37,145
2024	42,924	36,348
2025	43,736	35,536
2026	44,563	34,709
2027-2031	235,780	160,581
2032-2036	258,934	137,426
2037-2041	284,362	111,999
2042-2045	312,287	84,073
2046-2050	342,955	53,405
2051-2055	<u>393,741</u>	<u>19,763</u>
<u>Total</u>	<u>\$ 2,041,646</u>	<u>\$748,912</u>

Note 9 - Related Party Transactions

The Town of Farmerville did not have any related party transactions during the fiscal year ended June 30, 2021.

Note 10 - On-Behalf Payments

The Town's employees for the police and fire department receive supplement pay from the State of Louisiana. In accordance with GASB Statement 24, the Town has recorded revenues and expenditures for these payments in the General Fund.

Note 11 - Economic Dependency

A large portion of the increase/decrease in water and garbage revenues are due to the agreement with the Poultry Processing Plant.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 12 - Legal Action

Risk Management handles all defense for the Town. The Town's attorney is not aware of any lawsuits against the Town.

Note 13 - Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

Note 14 - Post Employment Benefits

The Town of Farmerville provides continuing employees benefits for its employees who retired with the State Municipal Retirement System, the Police Retirement System and Fire Retirement System. The Town of Farmerville provides health insurance through the Louisiana Municipal Risk Management Agency, II for each employee. Family coverage is available, but not paid by the Town. The Town is also providing life insurance and dental insurance for retirees.

The Town records the cost of these benefits as expenditures on a monthly basis. For the year ended June 30, 2021, the total cost of the benefit to employee was zero. As of June 30, 2020 the Town had no retiree benefits payable. These premiums are financed on a "pay-as-you-go" basis.

The Governmental Accounting Standards Board released Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans (GASB 74) and Statement No. 75 – Accounting and Financial Reports for Post-Employment Benefit Plans Other than Pension Plans (GASB 75) in June 2015. These two statements supersede GASB Statements 43 and 45, respectively, and establish uniform accounting and financial reporting standards for state and local governmental entities related to post-employment benefits other than pensions.

GASB 74 must be adopted for fiscal years beginning after June 15, 2016, and GASB 75 must be adopted for fiscal years beginning after June 15, 2017. While the previous statements allowed smaller entities the ability to have valuations every three years, the replacement standards require all entities, regardless of size to have a valuation performed every two years, with roll forward valuations performed on years between.

Actuarial Cost Method

Whereas GASB 43 and GASB 45 allowed for one of six different actuarial cost methods, GASB 74 and GASB 75 require the Entry Age Normal Cost Method based on a level percentage of projected salary.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 14 - Post Employment Benefits (continued)

Plan Description

The Town of Farmerville medical and dental benefits are provided and made available to employees upon actual retirement. These benefits terminate at age 65.

The employees are covered by a retirement system whose retirement eligibility provisions are as follows:

The Town is the Municipal Employees Retirement System of Louisiana. The system is composed of two distinct plans. Plan A and B with separate assets and benefit provisions. The employees were members of Plan B, which has a 30 years' service and retirement of any age after 30 years. The Town changed to Plan A in July 2002, which has 25 years of service or 10 years at age 60. The Fire and Police Retirement has 25 years of service at any age, 20 years at age 50 and 12 years at age 55. The employees do not contribute to the post-employment benefits costs.

Employees covered by benefit terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	30
TOTAL	31

Total OPEB Liability

The Town's total OPEB liability of \$445,698 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.5%, including inflation
Prior Discount rate	3.5%
Discount rate	2.16%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 4.5% annually for medical, 3% for dental
Mortality	RPH-2014 Total Table with Projection MP-2020

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2021, the end of the applicable measurement period.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 14 - Post Employment Benefits (continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2021.

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 500,548
Changes for the year:	
Service cost	38,213
Interest	11,710
Differences between expected and actual experience	(124,407)
Changes of assumptions	37,437
Benefit payments and net transfers	(17,803)
Net changes	(54,850)
Balance at June 30, 2021	\$ 445,698

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	1.0% Decrease (1.16%)	Current Discount Rate (2.16%)	1.0% Increase (3.16%)
Total OPEB liability	\$ 474,152	\$ 445,698	\$ 417,534

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.5%) or 1-percentage-point higher (5.5%) than the current healthcare trend rates:

	1.0% Decrease (3.5%)	Current Trend (4.5%)	1.0% Increase (5.5%)
Total OPEB liability	\$ 393,108	\$ 445,698	\$ 508,472

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$33,906. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 14 - Post Employment Benefits (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (101,496)
Changes in assumptions	30,543	-
Total	\$ 30,543	\$ (101,496)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending June 30:</u>	
2022	(16,017)
2023	(16,017)
2024	(16,017)
2025	(16,017)
2026	(6,885)

Note 15 - Ad Valorem Taxes

Property taxes are usually mailed out in November and are due as of January 1. Delinquent taxes are sold each year thus no allowance is set up for uncollected amounts.

The ad valorem tax millage is as follows:

General Ad Valorem Tax	<u>Mills</u> 8.80
Fire Department	<u>7.90</u>
<u>TOTAL</u>	<u>16.70</u>

Additionally, dedicated amounts are collected for the Area Fire Protection District as well as various in lieu of tax payments.

Note 16 - Interfund Operating Transfers In and Out

Interfund operating transfers in and out during the year ended June 30, 2021, were as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 16 - Interfund Operating Transfers In and Out (continued)

<u>Fund</u>	<u>Operating Transfers</u>	
	<u>In</u>	<u>Out</u>
Major Funds:		
General Fund	\$ 125,000	\$ 85,785
Sales Tax	3,000	30,000
Recreational Sales Tax	-	10,000
Enterprise Fund		
Water	-	30,000
Sewer	-	3,000
Non-Major Funds:		
Special Revenue Funds	<u>30,785</u>	<u>-</u>
<u>TOTAL</u>	<u>\$ 158,785</u>	<u>\$ 158,785</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 17 - Interfund Receivables and Payables

Interfund balances at June 30, 2021, were as follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
Major Funds:		
General Fund	\$ 116,689	\$ 12,496
Sales Tax	27,406	39,662
Recreational Sales Tax	39,662	-
Enterprise Fund		
Water	-	219,068
Sewer	<u>87,469</u>	<u>-</u>
<u>TOTAL</u>	<u>\$ 271,226</u>	<u>\$ 271,226</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Note 18 - Subsequent Events

Subsequent events have been evaluated through December 30, 2021, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

Note 19 - Fund Changes and Fund Balances

Amounts for specific purposes by fund and fund balance classifications for the year ended June 30, 2021 are as follows:

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

Note 19 - Fund Changes and Fund Balances (continued)

<u>Classification/Fund</u>	<u>Purpose</u>	<u>Amount</u>
Nonspendable:		
General Fund	Prepaid Items	\$ 79,142
Sales Tax	Prepaid Items	20,395
Recreation Sales Tax	Prepaid Items	15,213
Restricted:		
Sales Tax	Bond Repayment	275,571
Recreation Sales Tax	Bond Repayment	115,804
Farmerville Volunteer Fire Fire Department		66,123
Farmerville Area Fire Protection District		11,548
Assigned:		
Unassigned:		
General Fund		2,476,224
Sales Tax		776,015
Recreational Sales Tax		665,836
Total Fund Balances		<u>\$ 4,501,871</u>

Reservations of fund balances of governmental funds are created to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated (2) identify the portion of the fund balance that is not appropriate for future expenditures.

Note 20 - Prior Period Adjustment – Grant and Compensated Absences Reporting

During the audit for the year ended June 30, 2021, it was determined that CARES Act funding from the prior year had not been recorded. Adjustments to the following funds were as follows:

General Fund - Fund Balance increased by \$345,520

Recreation Sales Tax – Fund Balance increased by \$1,505

Water Fund – Fund balance increased by \$81,976

The adjustments were also made to the government wide financial statements net position beginning amounts.

Also, it was determined that compensated absences were included in the fund financial statements in the year ended June 30, 2020. The following adjustments were made to the government funds beginning fund balance only:

General Fund – Fund Balance increased by \$78,220

Sales Tax – Fund Balance increased by \$563

Recreational Sales Tax – Fund Balance increased by \$2,489

REQUIRED SUPPLEMENTAL INFORMATION (PART B)

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
	<u>Budget</u>	<u>Budget</u>		<u>Positive</u>
				<u>(Negative)</u>
BUDGETARY FUND BALANCE				
BEGINNING OF YEAR (Restated)	\$ 2,397,277	\$ 2,397,277	\$ 2,397,277	\$ -
Resources				
Property Taxes	764,000	807,000	804,076	(2,924)
Sales Taxes	685,000	630,000	635,237	5,237
Franchise Taxes	215,000	200,000	183,651	(16,349)
Licenses and Permits	238,500	265,000	216,812	(48,188)
Intergovernmental	24,000	8,750	286,361	277,611
Charges for Services	480,000	530,000	530,320	320
Fines	71,000	48,500	51,201	2,701
Interest Income	10,700	27,700	30,279	2,579
Miscellaneous	284,500	1,018,430	280,010	(738,420)
Sale of Assets	-	29,500	31,300	1,800
Transfers From Other Funds	250,000	50,000	125,000	75,000
Total Resources	<u>3,022,700</u>	<u>3,614,880</u>	<u>3,174,247</u>	<u>(440,633)</u>
Amounts available for appropriations	<u>5,419,977</u>	<u>6,012,157</u>	<u>5,571,524</u>	<u>(440,633)</u>
Charges to appropriations				
Current				
General government	587,650	807,600	502,983	304,617
Public Safety	933,800	1,086,050	923,208	162,842
Fire Department	413,000	545,450	399,987	145,463
Sanitation Department	532,990	527,520	572,247	(44,727)
Streets	-	-	-	-
Debt Service	82,000	85,000	65,510	19,490
Capital Outlay	-	-	466,438	(466,438)
Transfers To Other Funds	281,000	86,000	85,785	215
Total Charges to appropriations	<u>2,830,440</u>	<u>3,137,620</u>	<u>3,016,158</u>	<u>121,462</u>
BUDGETARY FUND BALANCE				
END OF YEAR	<u>\$ 2,589,537</u>	<u>\$ 2,874,537</u>	<u>\$ 2,555,366</u>	<u>\$ (319,171)</u>

See accompanying notes and auditor's report.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REVENUES	Original Budget	Amended Budget	Actual Year to Date	Favorable (Unfavorable)
Taxes				
Sales Tax	\$ 1,100,000	\$ 1,260,000	\$ 1,274,184	\$ 14,184
Interest Earned	9,000	9,000	10,916	1,916
State Mowing Contract	13,060	13,670	6,835	(6,835)
Intergovernmental	-	504,300	205,253	(299,047)
Miscellaneous Income	-	-	619	619
Total Revenues	<u>\$ 1,122,060</u>	<u>\$ 1,786,970</u>	<u>\$ 1,497,807</u>	<u>\$ (289,163)</u>

EXPENDITURES

GENERAL GOVERNMENT

Salaries	\$ 65,000	\$ 66,000	\$ 66,938	\$ (938)
Employee Benefits Expenditures				
Medicare Taxes	1,000	1,000	798	202
Municipal Retirement	16,000	19,000	18,003	997
FICA	4,000	4,000	3,411	589
Unemployment	300	300	127	173
Hospital Insurance	16,800	17,300	17,271	29
Dental	1,000	1,000	733	267
Miscellaneous Employee Cost	500	500	436	64
Employee Drug Test	200	-	-	-
Uniforms	1,000	1,000	670	330
Administrative Fees	-	-	-	-
Auditing	4,000	3,300	3,300	-
Building Maintenance	2,000	-	-	-
Computer	4,500	1,500	953	547
Insurance	10,000	12,000	16,472	(4,472)
Grant Expense	100,000	625,000	352,847	272,153
Capital Improvements	20,000	-	3,000	(3,000)
Shop Supplies	3,000	3,500	2,254	1,246
Office Expenditures	3,000	3,000	2,012	988
Sales Tax Collection Cost	11,000	14,600	13,182	1,418
Transfer to Sanitation Dept	-	-	4,053	(4,053)
Shop Utilities	3,000	-	-	-
TIF Payments	72,000	72,000	89,433	(17,433)
Telephone	5,000	8,000	6,654	1,346
Travel	2,000	1,000	982	18
Total General Government	<u>\$ 345,300</u>	<u>\$ 854,000</u>	<u>\$ 603,529</u>	<u>\$ 250,471</u>

PUBLIC SAFETY

Labor and Expenditures				
Total Public Safety	\$ 2,000	\$ 200	\$ 260	\$ (60)

STREET REPAIRS

Salaries	\$ 165,000	\$ 170,000	\$ 193,192	\$ (23,192)
Employee Benefit Expenditures :				
Medicare Taxes	2,400	2,500	2,341	159
Municipal Retirement	44,000	38,000	35,983	2,017
FICA Taxes	10,300	10,300	10,011	289
Unemployment Taxes	500	500	323	177
Hospital Insurance	42,000	35,000	34,519	481

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - SALES TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>STREET REPAIRS(continued)</u>	Original Budget	Amended Budget	Actual Year to Date	Favorable (Unfavorable)
Dental	\$ 2,000	\$ 2,000	\$ 1,466	\$ 534
Workers Compensation Insurance	18,000	18,000	18,519	(519)
Employee Drug Testing	600	600	550	50
Miscellaneous Employee Expense	500	500	571	(71)
Uniforms	2,500	2,500	2,229	271
Clean City Expense	22,000	22,000	-	22,000
Insurance	25,000	20,000	24,812	(4,812)
Capital Improvements	40,000	70,000	95,212	(25,212)
Miscellaneous	5,000	8,500	8,839	(339)
Street Asset Purchase	-	25,000	-	25,000
Street Improvement/Maintenance	20,000	108,000	109,438	(1,438)
Truck Equipment - Oil & Gas	16,000	16,000	15,258	742
Truck Equipment Repairs	15,000	45,000	49,174	(4,174)
Utilities	100,000	108,000	107,787	213
USDA Loan Payments	25,000	25,000	24,096	904
USDA Reserve Account	2,400	2,400	-	2,400
USDA Dep & Cont	2,400	2,400	-	2,400
Total Street Repairs	<u>\$ 560,600</u>	<u>\$ 732,200</u>	<u>\$ 734,320</u>	<u>\$ (2,120)</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 907,900</u>	<u>\$ 1,586,400</u>	<u>\$ 1,338,109</u>	<u>\$ 248,291</u>
<u>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</u>	<u>\$ 214,160</u>	<u>\$ 200,570</u>	<u>\$ 159,698</u>	<u>\$ (40,872)</u>
<u>OTHER FINANCING SOURCES(USES)</u>				
Operating Transfer In (Out)				
Transfer to Other Funds	\$ (135,000)	\$ -	\$ (30,000)	\$ (30,000)
Transfer from Other Funds	(30,000)	(30,000)	3,000	33,000
Total Other Financing Sources (Uses)	<u>\$ (165,000)</u>	<u>\$ (30,000)</u>	<u>\$ (27,000)</u>	<u>\$ 3,000</u>
<u>EXCESS OF REVENUE AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRAORDINARY ITEM</u>	<u>\$ 49,160</u>	<u>\$ 170,570</u>	<u>\$ 132,698</u>	<u>\$ (37,872)</u>
<u>FUND BALANCE - JULY 1</u>	<u>939,283</u>	<u>939,283</u>	<u>939,283</u>	
<u>FUND BALANCE - JUNE 30</u>	<u>\$ 988,443</u>	<u>\$ 1,109,853</u>	<u>\$ 1,071,981</u>	

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
SPECIAL REVENUES - 2002 SALES TAX FUND - RECREATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

REVENUE	Original Budget	Amended Budget	Actual Year to Date	Favorable (Unfavorable)
Sales Taxes	\$ 560,000	\$ 630,000	\$ 637,092	\$ 7,092
Membership Dues	1,200	2,000	-	(2,000)
Building Rental	10,000	5,000	-	(5,000)
Interest	3,000	5,000	6,019	1,019
Miscellaneous	-	-	42,941	42,941
Special Programs	5,000	-	-	-
Total Revenues	<u>\$ 579,200</u>	<u>\$ 642,000</u>	<u>\$ 686,052</u>	<u>\$ 44,052</u>
EXPENDITURES				
Salaries	\$ 102,000	\$ 92,000	\$ 93,559	\$ (1,559)
Employee Benefits Expenditures:				
Medicare Tax	1,600	1,400	1,227	173
Municipal Retirement	24,000	25,200	24,117	1,083
FICA	6,300	5,700	5,249	451
Unemployment	300	300	170	130
Hospital Insurance	25,000	21,000	20,925	75
Dental	1,200	900	855	45
Workers Compensation Insurance	4,000	4,000	3,941	59
Employee Drug Testing	200	200	330	(130)
Miscellaneous Employee Expense	1,200	1,200	1,163	37
Uniforms	2,000	500	831	(331)
Activity Expense	10,000	500	366	134
Advertising and Filing	1,500	200	123	77
Assets Purchasing	-	20,000	23,771	(3,771)
Auditing	4,000	3,300	3,300	-
Ball Park Expense	1,000	100	85	15
Bond Payments	216,000	216,000	225,225	(9,225)
Building Repairs & Maintenance	80,000	115,000	82,824	32,176
Computer Expense	1,000	1,000	828	172
Liability Insurance	16,500	16,500	12,892	3,608
Miscellaneous	1,000	1,000	2,732	(1,732)
Office Supplies	2,000	2,000	2,322	(322)
Sales Tax Collection Fee	5,600	6,500	6,591	(91)
Supplies	6,000	8,500	9,404	(904)
Telephone	5,500	5,000	4,401	599
Travel & Training	1,000	-	-	-
Utilities	30,000	25,000	25,497	(497)
Vehicle Expense	3,000	3,000	3,866	(866)
Total Expenditures	<u>\$ 551,900</u>	<u>\$ 576,000</u>	<u>\$ 556,594</u>	<u>\$ 19,406</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 27,300</u>	<u>\$ 66,000</u>	<u>\$ 129,458</u>	<u>\$ 63,458</u>
OTHER FINANCING SOURCES(USES)				
General Fund	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ (10,000)</u>	<u>\$ (20,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER(UNDER) EXPENDITURES AND OTHER (USES) BEFORE EXTRA- ORDINARY ITEM	<u>\$ 37,300</u>	<u>\$ 76,000</u>	<u>\$ 119,458</u>	<u>\$ 43,458</u>
FUND BALANCE - JULY 1	<u>677,395</u>	<u>677,395</u>	<u>677,395</u>	
FUND BALANCE - JUNE 30	<u>\$ 714,695</u>	<u>\$ 753,395</u>	<u>\$ 796,853</u>	

TOWN OF FARMERVILLE, LOUISIANA
NOTES TO BUDGETARY COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2021

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

1. The Town Clerk, with input from the Mayor and all department heads, prepares the proposed budget information for the general and major special revenue funds. Once reviewed and approved by the Town Clerk and Mayor, the budgets for each fiscal year are submitted to the Town Council for approval. This is done no later than fifteen days prior to the Town Council meeting in June each year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after the publication of the call for the hearing.
4. After holding the public hearing and completion of all actions necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles, (GAAP) except as stated above. Budgeted amounts are as originally adopted or as amended by Town Council.

Budget comparison schedules included in the accompanying financial statements include the original adopted budgets and all subsequent adopted amendments.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020</u>	<u>2021</u>
Total OPEB Liability		
Service Cost	\$ 36,921	\$ 38,213
Interest	17,701	11,710
Changes in benefit terms	-	-
Difference between expected and actual experience	-	(124,407)
Changes in Assumptions	-	37,437
Benefit Payments	(45,795)	(17,803)
Net Change in Total OPEB Liability	<u>8,827</u>	<u>(54,850)</u>
Total OPEB liability - beginning	<u>491,721</u>	<u>500,548</u>
Total OPEB liability - ending (a)	<u>\$ 500,548</u>	<u>\$ 445,698</u>
Covered Employee Payroll	\$ 1,227,888	\$ 1,065,022
Net OPEB liability as a percentage of covered employee payroll	40.76%	41.85%
Notes to Schedule:		
<i>Benefit Changes:</i>	None	None
<i>Changes in Assumption :</i>		
Discount Rate:	2.21%	2.16%
Mortality:	RP-2000	RP-2014
Trend:	5.50%	Variable

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

See independent auditor's report and notes to financial statements.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

MERS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0000%	-	-	0.00%	0.00%
2017	0.5578%	2,286,335	993,438	230.14%	66.18%
2018	0.5632%	2,355,919	1,022,730	230.36%	62.11%
2019	0.5780%	2,393,113	1,060,747	225.61%	63.49%
2020	0.5293%	2,211,623	979,773	225.73%	65.60%
2021	0.5022%	2,171,047	953,912	227.59%	64.68%

MPERS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0226%	176,922	60,410	292.87%	75.10%
2017	0.0224%	209,604	62,390	335.96%	70.73%
2018	0.0215%	187,949	64,025	293.56%	66.04%
2019	0.0231%	195,137	68,003	286.95%	70.08%
2020	0.0175%	158,339	53,016	298.66%	71.89%
2021	0.0188%	173,349	39,082	443.55%	71.01%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

* The amounts presented have a measurement date of the previous fiscal year end.

See independent auditor's report and notes to financial statements.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (cont.)
FOR THE YEAR ENDED JUNE 30, 2021

FRS					
Year Ending June 30,	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2016	0.0004%	215,399	84,817	253.96%	76.02%
2017	0.0405%	265,103	91,589	289.45%	72.45%
2018	0.0341%	214,503	87,414	245.39%	68.16%
2019	0.0375%	227,742	133,457	170.65%	73.55%
2020	0.0527%	329,846	127,309	259.09%	74.76%
2021	0.0506%	350,896	128,453	273.17%	73.96%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

* The amounts presented have a measurement date of the previous fiscal year end.

See independent auditor's report and notes to financial statements.

TOWN OF FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

MERS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2016	197,946	197,946	-	1,002,258	19.75%
2017	196,800	196,800	-	993,438	19.81%
2018	232,671	232,671	-	1,022,730	22.75%
2019	261,156	261,156	-	1,060,747	24.62%
2020	254,741	254,741	-	979,773	26.00%
2021	281,404	281,404	-	953,912	29.50%

MPERS					
Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	Contributions as % of Covered Employee Payroll
2016	19,029	19,029	-	60,410	31.50%
2017	18,480	18,480	-	62,390	29.62%
2018	20,405	20,405	-	64,025	31.87%
2019	20,946	20,946	-	68,003	30.80%
2020	17,559	17,559	-	53,016	33.12%
2021	13,491	13,491	-	39,082	34.52%

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

For reference only:

- ¹ Employer contribution rate multiplied by employer's covered employee payroll
- ² Actual employer contributions remitted to the respective pension funds
- ³ Employer's covered employee payroll amount for the fiscal year ended.

See independent auditor's report and notes to financial statements.

FARMERVILLE, LOUISIANA
FARMERVILLE, LOUISIANA
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

Year Ending June 30,	FRS				Contributions as % of Covered Employee Payroll
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency(Excess)	Employer's Covered Employee Payroll	
2016	24,809	24,809	-	84,817	29.25%
2017	24,903	24,903	-	91,589	27.19%
2018	22,072	22,072	-	87,414	25.25%
2019	24,980	24,980	-	133,457	18.72%
2020	33,737	33,737	-	127,309	26.50%
2021	41,426	41,426	-	128,453	32.25%

This schedule is to be build prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available, beginning with FYE June 30, 2015.

For reference only:

¹ Employer contribution rate multiplied by employer's covered employee payroll

² Actual employer contributions remitted to the respective pension funds

³ Employer's covered employee payroll amount for the fiscal year ended.

See independent auditor's report and notes to financial statements.

OTHER INFORMATION

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

		Special Revenue Funds		
	<u>Assets</u>	Farmerville Volunteer Fire Department	Farmerville Area Fire Protection District	Total
		\$ 66,123	\$ 11,548	\$ 77,671
Cash				
<u>Liabilities and Fund Balances</u>				
Restricted		\$ 66,123	\$ 11,548	\$ 77,671
Unassigned		-	-	-
Total Fund Balances		66,123	11,548	77,671
Total Liabilities and Fund Balances		\$ 66,123	\$ 11,548	\$ 77,671

See independent auditor's report and notes to the financial statements.

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE EXPENDITURES
AND CHANGES IN FUND BALANCES
JUNE 30, 2021

	Farmerville Volunteer Fire Department	Farmerville Area Fire Protection District	Total Non-Major Funds
Revenues			
Taxes			
Interest Earned	\$ -	\$ 1	\$ 1
Others	5,445	-	5,445
Total Revenues	<u>\$ 5,445</u>	<u>\$ 1</u>	<u>\$ 5,446</u>
Expenditures			
General Government	<u>\$ 15,696</u>	<u>\$ -</u>	<u>\$ 15,696</u>
Excess of Revenue Over (Under) Expenditures	\$ (10,251)	\$ 1	\$ (10,250)
Other Financing Sources (Uses)			
Operating Transfers In	<u>\$ 20,785</u>	<u>\$ 10,000</u>	<u>\$ 30,785</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 10,534	\$ 10,001	\$ 20,535
Fund Balances - Beginning of Year	<u>55,589</u>	<u>1,547</u>	<u>57,136</u>
Fund Balances - End of Year	<u><u>\$ 66,123</u></u>	<u><u>\$ 11,548</u></u>	<u><u>\$ 77,671</u></u>

See independent auditor's report and notes to the financial statements.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
JUNE 30, 2021

Agency Head	<u>Mayor Stein Baughman 7/1/20 - 12/31/20</u>	<u>Mayor John Crow 1/1/21 - 06/30/21</u>
Salary	\$ 20,000	\$ 18,462
Benefits		
Insurance	4,345	-
Telephone	959	562
Vehicle	229	1,196
Travel	49	1,197
Uniforms	-	7
Utilities Discount	<u>232</u>	<u>72</u>
Total Benefits	<u>5,814</u>	<u>3,034</u>
Total	<u><u>\$ 25,814</u></u>	<u><u>\$ 21,496</u></u>

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2021

Robert Allen	13,232
Caroline Gatson	12,600
Ricky Johnkin	12,400
Thomas Nation	12,400
Jerry Taylor	15,100
	<hr/>
	\$ 65,732
	<hr/> <hr/>

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
LCDBG WATER IMPROVEMENT PROJECT
BALANCE SHEET
JUNE 30, 2021

Assets

Grants Receivable - LCDBG	\$ 200,293
Due from Water Fund	<u>10,542</u>
<u>Total Assets</u>	<u><u>\$ 210,835</u></u>

Liabilities and Fund Balance

Accounts Payable	\$ 200,293
Retainage Payable	<u>10,542</u>
Total Liabilities	210,835
<u>Fund Balance</u>	<u>-</u>
<u>Total Liabilities and Fund Balance</u>	<u><u>\$ 210,835</u></u>

See independent auditor's report

TOWN OF FARMERVILLE
FARMERVILLE, LOUISIANA
LCDBG WATER IMPROVEMENT PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

<u>Revenues</u>	
LCDBG Program	\$ 210,835
<u>Expenses</u>	
Construction	<u>210,835</u>
<u>Excess Revenues Over Expenditures</u>	-
<u>Fund Balance - Beginning</u>	<u>-</u>
<u>Fund Balance - Ending</u>	<u><u>\$ -</u></u>

See independent auditor's report

TOWN OF FARMERVILLE, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
FOR THE YEAR ENDED JUNE 30, 2021

	First Six Month Period Ended <u>12/31/2020</u>	Second Six Month Period Ended <u>6/30/2021</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ -
Add: Collections		
Criminal Court Costs/Fees	5,264	6,662
Criminal Fines - Other	<u>18,191</u>	<u>23,166</u>
Subtotal Collections	<u>23,455</u>	<u>29,828</u>
Less: Disbursements to Governments & Nonprofits		
LA Traumatic Head & Spinal Cord Injury Trust Fund	Criminal Court Costs/Fees 85	110
LA Commission on Law Enforcement-Training	Criminal Court Costs/Fees 222	298
LA Commission on Law Enforcement-Crime Victims	Criminal Court Costs/Fees 233	203
Trial Court Case Management Information System	Criminal Court Costs/Fees 329	442
Union Parish Crime Stoppers	Criminal Court Costs/Fees 204	294
N. La. Criminalistic Laboratory Commission	Criminal Court Costs/Fees 2,302	2,340
Louisiana Judicial College Fund	Criminal Court Costs/Fees 58	71
Less: Amounts Retained by Collecting Agency		
Criminal Court Costs/Fees	1,831	2,904
Criminal Fines - Other	<u>18,191</u>	<u>23,166</u>
Subtotal Disbursements/Retainage	<u>23,455</u>	<u>29,828</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS
AND UNIFORM GUIDANCE



**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**

Honorable Mayor and Board of Aldermen of
Farmerville, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Farmerville, Louisiana (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued my report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of 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.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. I did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that I consider to be a material weakness.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-002.

Town of Farmerville, Louisiana's Response to Findings

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

Purpose of the Report

The purpose of this report is solely to describe the scope of my 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.

Maxwell CPA, LLC

Monroe, Louisiana
December 30, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Honorable Mayor and Board of Aldermen of
Farmerville, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the Town of Farmerville, Louisiana's (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Town's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as I consider necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Town's compliance.



Opinion on the Major Federal Program

In my opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maxwell CPA, LLC

Monroe, Louisiana
December 30, 2021

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic government financial statements of the Town of Farmerville, Louisiana.
2. One significant deficiency was disclosed during the audit of the financial statements as reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*. The significant deficiency is deemed to be a material weakness.
3. One instance of noncompliance material to the financial statements of the Town of Farmerville, Louisiana, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award program in the Report On Compliance With Requirements That Could Have A Direct and Material Effect on Each Major Program And On Internal Control Over Compliance In Accordance With Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Uniform Guidelines Requirements for Federal Awards.
5. The auditor's report on compliance for the major federal award program for the Town of Farmerville, Louisiana expresses an unmodified opinion on the major federal program.
6. There were no audit findings relative to the major federal award program for the Town of Farmerville, Louisiana.
7. The program tested as a major program included the Department of the Treasury Coronavirus Relief Fund, AL # 21.019.
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. The Town of Farmerville, Louisiana does not qualify to be a low-risk auditee.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021 (continued)

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Department of the Treasury Coronavirus Relief Fund

AL No. 21.019; Program Period - 7/1/20-06/30/21

There were no findings that relate to this major federal program.

FINDINGS AND QUESTIONED COSTS – FINANCIAL STATEMENT AUDIT

2021-001 Internal Controls Over the Preparation of the Schedule of Expenditures for Federal Awards (SEFA)

Condition:

It was noted during testing of the SEFA, that there were material amounts listed that were for expenditures from the prior year and should have been reported as federal expenditures in the prior year.

Criteria:

Uniform Guidance Section 200.510(b) requires that management prepare the SEFA to be used as supplementary information in the audit report of the financial statements. Uniform Guidance Section 200.502(a) requires that the amounts reported in the SEFA be based on the expenditures of federal awards.

Cause:

The Town failed to report the expenditures in the prior year because the revenue from the federal awards were received in this fiscal year. The Town used revenues and not expenditures as the basis of the amounts reported in the SEFA.

Potential Effect:

The Town could have federal expenditures not reported which could result in single audit or other reporting requirements not being met in the prior year.

Recommendation:

The Town should consider improving its internal controls over the preparation of the SEFA.

Management's Response:

The Town will ensure that their grant register reports grants on the accrual basis in the future so that an accurate SEFA can be prepared.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021 (continued)

2021-002 Compliance with the Local Government Budget Act

Condition:

For the year ended June 30, 2021, the Town's General Fund and Sales Tax Fund budgeted revenues exceeded its actual revenues by more than 5%.

Criteria:

Louisiana Revised Statute 39:1311 requires that the Town budget should be amended if there is a 5% or greater overage in budgeted revenues as compared to actual revenues or a 5% or greater overage in actual expenditures as compared to budgeted expenditures.

Cause:

The Town's fiscal year 2021 amended budget included CARES Act revenues that were for the 2020 fiscal year. The 2020 revenues were not accrued at the end of the prior year so they were included in the 2021 budget.

Potential Effect:

The Town was not in compliance with the Local Government Budget Act.

Recommendation:

The Town should consider improving its internal controls over the preparation of the SEFA and federal grants to make sure they are accounted for in the proper period.

Management's Response:

The Town will ensure that their grant register reports grants on the accrual basis in the future so that the town will have accurate information needed to make budget amendments as necessary.

TOWN OF FARMERVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

Section I- Internal Control and Compliance Material to the Financial Statements

2020-001 Inadequate Control over Financial Reporting

Condition:

The Town did not have adequate segregation of functions with the Town's accounting system.

Recommendation:

None.

Current Status:

This finding was resolved in this fiscal year.

Section II- Internal Control and Compliance Material to Federal Awards – N/A

Section III- Management Letter

No management letter was issued.

TOWN OF FARMERVILLE, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grants/Pass Through Grantor/ Title	Program	A.L. Number	Agency or Pass Through Number	Expenditures
Department of Transportation				
Louisiana Highway Safety Commission State and Community Highway Safety		20.600		\$ 205,205
Department of the Treasury				
Coronavirus Relief Fund (CARES Act)		21.019	*	\$ 367,416
Department of Housing and Urban Development				
Community Development Block Grants		14.228		\$ 210,835
				\$ 783,456

* Indicated Major Federal Program

TOWN OF FARMERVILLE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. General

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Farmerville, Louisiana. The Town of Farmerville, Louisiana reporting entity is defined in Note 1 to the Town's financial statements. All federal award programs received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Town's financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

3. Federal Indirect Cost Rate

The Town of Farmerville, Louisiana did not elect to use the 10% de minimis federal indirect cost rate for the year ended June 30, 2021.

4. LCDBG Note

During the review of the audit report ending June 30, 2020, it was noted that \$3,500 of revenue and expenditures had not been reported in the Schedule of Federal Awards.