

TOWN OF FERRIDAY, LOUISIANA

Annual Financial Statements

June 30, 2021

TOWN OF FERRIDAY, LOUISIANA
Table of Contents
June 30, 2021

	Schedule No.	Page No.
Independent Auditor's Report.....		1-3
Management's Discussion and Analysis.....		4-8
Basic Financial Statements		
Statement of Net Position.....	A	10
Statement of Activities.....	B	11
Balance Sheet, Governmental Funds.....	C	12
Reconciliation of the Government Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	E	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	F	15
Statement of Net Position, Proprietary Funds.....	G	16
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	H	17
Statement of Cash Flows – Proprietary Funds.....	I	18
Statement of Cash Flows Reconciliation.....	J	19
Notes to the Basic Financial Statements.....		20-57
Required Supplemental Information		
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	1	59
Budgetary Comparison Schedule.....	2	60
Schedule of the Town's Proportionate Share of the Net Pension Liability – Louisiana Municipal Employees' Retirement System.....	3	61
Schedule of the Town's Proportionate Share of the Net Pension Liability – Louisiana Municipal Police Employees' Retirement System	4	62
Schedule of the Town's Contributions – Louisiana Municipal Employees' Retirement System.....	5	63
Schedule of the Town's Contributions – Louisiana Municipal Police Employee's Retirement System.....	6	64
Other Information		
Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer.....		66
Justice System Funding Schedule- Collecting/Disbursing Entity.....		67
Other Reports		
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.....		69-70
Schedule of Findings and Questioned Costs.....		71-73
Management's Corrective Action for Current Year Findings.....		74-75
Management Letter Comments.....		76
Management's Summary of Prior Year Findings.....		77-78

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INDEPENDENT AUDITOR'S REPORT

The Honorable Rydell Turner, Mayor
& Members of the Town Council
Ferriday, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Town of Ferriday, Louisiana, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Emphasis of Matter

As disclosed in the schedules and statements, the total net pension liability for the Town of Ferriday's Retirement Plans was \$610,599 as of June 30, 2021. The actuarial valuation was based on various assumptions made by the actuaries. Because actual experience may differ from the assumptions used in the actuarial valuations, there is a risk that the net pension liability at June 30, 2021, could be under or overstated.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ferriday's basic financial statements. The Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation of Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Schedule of Compensation Benefits and Other Payments to Agency Head or Chief Executive Officer and Justice System Funding Schedule 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*, we have also issued our report dated December 9, 2022, on our consideration of the Town of Ferriday, State of Louisiana’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Ferriday, Louisiana’s internal control over financial reporting and compliance.

The Vercher Group

Jena, Louisiana
December 9, 2022

TOWN OF FERRIDAY

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Ferriday's 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 Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$3,515,063 (*net position*). This is a \$193,646 decrease from last year.
- The Town had total revenue of \$2,761,773 in which \$1,658,452 came from taxes, \$203,335 came from fines, and \$238,508 came from fees and charges. This is a \$198,918 increase from last year's revenues, mainly due to an increase in capital grants in the amount of \$253,427.
- The Town had total expenditures of \$3,008,369, which is a \$425,104 increase from last year. The main cause for this increase is due to an increase in general and administrative expense in the amount of \$111,940 and an increase in capital outlay in the amount of \$152,765.

Enterprise Fund

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$8,544,149 (*net position*). This is a \$14,223 decrease from last year.
- The Town had total revenue of \$1,598,797, including operating revenues of \$1,573,767, non-operating revenues of \$470 and capital contributions in the amount of \$24,560. This is a \$920 decrease from last year, mainly due to a decrease in capital contributions in the amount of \$86,647.
- The Town had total expenses of \$1,699,850, in which \$1,643,361 were operating expenses and \$56,489 were non-operating expenses. This is a \$189,675 increase from last year mainly due to an increase in sewer operating expense in the amount of \$105,294.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

Effective, January 1, 2004, the Town adopted Governmental Accounting Standards (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments*.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Reporting the Town's Most Significant Funds

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Position

Assets	2020	2021	% Change
Cash & Investments	\$ 261,968	\$ 217,574	-16.9
Receivables	180,867	224,637	24.2
Restricted Assets	117,679	115,025	-2.3
Capital Assets, Net of Accumulated Depreciation	4,644,590	4,465,521	-3.9
Total Assets	<u>5,205,104</u>	<u>5,022,757</u>	-3.5
 Deferred Outflows of Resources	 239,923	 228,724	 -4.7
 Liabilities & Net Position			
Accounts, Salaries, & Other Payables	48,914	84,142	72.0
Accrued Compensated Absences	16,064	38,325	138.6
Bonds & Notes Payable	1,060,000	980,000	-7.5
Net Pension Liability	572,584	610,599	6.6
Total Liabilities	<u>1,697,562</u>	<u>1,713,066</u>	0.9
 Deferred Inflows of Resources	 38,756	 23,352	 -39.7
 Net Position			
Net Investment in Capital Assets	3,584,590	3,485,521	-2.8
Restricted	242,880	-0-	-100.0
Unrestricted	(118,761)	29,542	124.9
Total Net Position	<u>\$ 3,708,709</u>	<u>\$ 3,515,063</u>	-5.2

Comparative Changes in Fund Balances

Revenues	2020	2021	% Change
Fees & Charges	\$ 187,704	\$ 238,508	27.1
Taxes	1,512,044	1,658,452	9.7
Licenses & Permits	144,457	160,583	11.2
Fines	263,792	203,335	-22.9
Interest Income	580	300	-48.3
Reimbursements	278,117	70,927	-74.5
Capital Grants	109,839	363,266	230.7
Other General Revenue	66,322	66,402	0.1
Total Revenues	<u>2,562,855</u>	<u>2,761,773</u>	7.8
 Expenditures			
General & Administrative	704,541	816,481	15.9
Public Safety:			
Fire	246,783	276,782	12.2
Police	865,800	952,596	10.0
Street	303,223	303,685	0.2
Sanitation	160,286	191,288	19.3
Recreation	35,115	49,287	40.4
Debt Service	108,956	106,924	-1.9
Capital Outlay	158,561	311,326	96.3
Total Expenditures	<u>2,583,265</u>	<u>3,008,369</u>	16.5
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(20,410)</u>	 <u>(246,596)</u>	 -115.7
 Other Financing Sources (Uses):			
Transfers In/(Out)	120,368	208,090	72.9
Total Other Financing Sources (Uses)	<u>120,368</u>	<u>208,090</u>	72.9
 Net Change in Fund Balance	 99,958	 (38,506)	 -138.5
 Prior Period Adjustment	 10,141	 -0-	 -100.00
 Fund Balances – Beginning	 <u>401,501</u>	 <u>511,600</u>	 27.4
Fund Balances – Ending	<u>\$ 511,600</u>	<u>\$ 473,094</u>	-7.5

MD&A

ENTERPRISE FUND

Comparative Statement of Net Position

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Assets			
Cash & Investments	\$ 129,638	\$ 144,400	11.4
Receivables	224,834	237,067	5.4
Restricted Assets	374,259	435,383	16.3
Capital Assets, Net of Accumulated Depreciation	10,051,103	9,857,521	-1.9
Total Assets	<u>10,779,834</u>	<u>10,674,371</u>	-1.0
Liabilities and Net Position			
Accounts, Salaries, & Other Payables	176,677	189,494	7.3
Accrued Interest Payable	2,278	2,278	0.0
Customer Deposits	95,075	104,535	10.0
Bonds Payable	1,947,432	1,833,915	-5.8
Total Liabilities	<u>2,221,462</u>	<u>2,130,222</u>	-4.1
Net Position			
Net Investment in Capital Assets	8,103,671	8,023,616	-1.0
Restricted For Debt Service	374,259	-0-	0.0
Unrestricted	80,442	520,543	547.1
Total Net Position	<u>\$ 8,558,372</u>	<u>\$ 8,544,159</u>	-0.2

Comparative Changes in Net Position

	<u>2020</u>	<u>2021</u>	<u>% Change</u>
Operating Revenues			
Water Sales	\$ 1,002,966	\$ 1,019,111	1.6
Sewer Charges	483,302	554,626	14.8
Other	632	30	-95.3
Total Operating Revenues	<u>1,486,900</u>	<u>1,573,767</u>	5.8
Operating Expenses			
Operating/Administrative Water	765,848	849,804	11.0
Operating/Administrative Sewer	197,650	302,944	53.3
Depreciation	485,386	490,613	1.1
Total Operating Expenses	<u>1,448,884</u>	<u>1,643,361</u>	13.4
Operating Income (Loss)	<u>38,016</u>	<u>(69,594)</u>	-283.1
Non-Operating Revenues (Expenses)			
Interest Earnings	1,610	470	-70.8
Interest Expense	(61,291)	(56,489)	7.8
Total Non-Operating Revenues (Expenses)	<u>(59,681)</u>	<u>(56,019)</u>	6.1
Income (Loss) Before Contributions & Transfers	<u>(21,665)</u>	<u>(125,613)</u>	-479.8
Transfers In/(Out)	(120,368)	86,840	172.1
Capital Contributions	<u>111,207</u>	<u>24,560</u>	-77.9
Change in Net Position	(30,826)	(14,213)	53.9
Prior Period Adjustment	(133,866)	-0-	0.0
Total Net Position - Beginning	<u>8,723,064</u>	<u>8,558,372</u>	-1.9
Total Net Position - Ending	<u>\$ 8,558,372</u>	<u>\$ 8,544,159</u>	-0.2

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2021, the Town had \$4,465,521 invested in capital assets, including land, buildings, improvement, and equipment. This amount is a \$179,069 decrease from last year.

Capital Assets at Year-End

	2020	2021
General	\$ 4,760,644	\$ 4,760,644
Fire	343,303	351,123
Police	271,971	346,101
Street	2,330,509	2,330,509
Land*	193,954	193,954
Accumulated Depreciation	(3,255,791)	(3,516,810)
Total Capital Assets, Net	\$ 4,644,590	\$ 4,465,521

*Land in the amount of \$193,954 is not being depreciated.

Capital Assets – Enterprise Fund

At June 30, 2021, the Town had \$9,857,521 invested in capital assets, including the buildings, sewer system, machinery, and equipment. This amount is a \$259,137 decrease from last year.

Capital Assets at Year-End

	2020	2021
Water & Sewer Systems	\$ 19,122,905	\$ 19,354,381
Accumulated Depreciation	(9,006,247)	(9,496,860)
Total Capital Assets, Net	\$ 10,116,658	\$ 9,857,521

CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Ferriday for the year ended June 30, 2021.

	Balance 06-30-2020	Additions	Reductions	Balance 06-30-2021
USDA Sewer Revenue Bond (Business-Type Activities)	\$ 453,045	\$ -0-	\$ (84,444)	\$ 368,601
USDA Water Revenue Bonds (Business-Type Activities)	1,263,344	-0-	(24,742)	1,238,602
USDA Water Revenue Bonds (Business-Type Activities)	231,042	-0-	(4,330)	226,712
General Obligation Bonds (Governmental Activities)	1,060,000	-0-	(80,000)	980,000
Total	\$ 3,007,431	\$ -0-	\$ (193,516)	\$ 2,813,915

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show that the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact Mayor Rydell Turner at the Town Hall, phone number (318) 757-3411.

BASIC FINANCIAL STATEMENTS

TOWN OF FERRIDAY, LOUISIANA
Statement of Net Position
June 30, 2021

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 217,574	\$ 144,400	\$ 361,974
Investments	-0-	-0-	-0-
Receivables, Net of Allowances	224,637	237,067	461,704
TOTAL CURRENT ASSETS	442,211	381,467	823,678
NON-CURRENT ASSETS			
Restricted Assets	115,025	435,383	550,408
Capital Assets, Net of Accumulated Depreciation	4,465,521	9,857,521	14,323,042
TOTAL NON-CURRENT ASSETS	4,580,546	10,292,904	14,873,450
TOTAL ASSETS	5,022,757	10,674,371	15,697,128
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows – Municipal Employees’ Pension	147,880	-0-	147,880
Deferred Outflows – Municipal Police Pension	80,844	-0-	80,844
TOTAL DEFERRED OUTFLOWS OF RESOURCES	228,724	-0-	228,724
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	84,142	189,494	273,636
Accrued Interest Payable	-0-	2,278	2,278
Current Bonds & Notes Payable	85,000	113,527	198,527
TOTAL CURRENT LIABILITIES	169,142	305,299	474,441
NON-CURRENT LIABILITIES			
Accrued Compensated Absences	38,325	-0-	38,325
Customer Deposits	-0-	104,535	104,535
Bonds & Notes Payable	895,000	1,720,388	2,615,388
Net Pension Liabilities	610,599	-0-	610,599
TOTAL NON-CURRENT LIABILITIES	1,543,924	1,824,923	3,368,847
TOTAL LIABILITIES	1,713,066	2,130,222	3,843,288
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows – Municipal Employees’ Pension	19,298	-0-	19,298
Deferred Inflows – Municipal Police Pension	4,054	-0-	4,054
TOTAL DEFERRED INFLOWS OF RESOURCES	23,352	-0-	23,352
NET POSITION			
Net Investment in Capital Assets	3,485,521	8,023,616	11,509,137
Restricted	-0-	-0-	-0-
Unrestricted	29,542	520,543	550,085
TOTAL NET POSITION	\$ 3,515,063	\$ 8,544,149	\$ 12,059,212

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2021

	PROGRAM REVENUES				Net (Expense) Revenue	NET (EXPENSE) REVENUE & CHANGES		Total
	Expenses	Charges For Services	Capital Grants & Contributions	Operating Grants & Contributions		Governmental Activities	Business- Type Activities	
GOVERNMENTAL ACTIVITIES								
General Government	\$ (769,212)	\$ 51,700	\$ 313,266	\$ -0-	\$ (404,246)	\$ (404,246)		\$ (404,246)
Public Safety:								
Fire	(282,621)	-0-	-0-	-0-	(282,621)	(282,621)		(282,621)
Police	(1,126,630)	-0-	50,000	-0-	(1,076,630)	(1,076,630)		(1,076,630)
Street	(422,617)	-0-	-0-	-0-	(422,617)	(422,617)		(422,617)
Sanitation	(191,288)	186,808	-0-	-0-	(4,480)	(4,480)		(4,480)
Recreation	(49,287)	-0-	-0-	-0-	(49,287)	(49,287)		(49,287)
Interest on Long-Term Debt	(26,924)	-0-	-0-	-0-	(26,924)	(26,924)		(26,924)
TOTAL GOVERNMENTAL ACTIVITIES	<u>(2,868,579)</u>	<u>238,508</u>	<u>363,266</u>	<u>-0-</u>	<u>(2,266,805)</u>	<u>(2,266,805)</u>		<u>(2,266,805)</u>
BUSINESS-TYPE ACTIVITIES								
Sewer	(501,591)	554,626	-0-	-0-	53,035		\$ 53,035	53,035
Water	(1,141,770)	1,019,111	24,560	-0-	(98,099)		(98,099)	(98,099)
Interest on Long-Term Debt	(56,489)	-0-	-0-	-0-	(56,489)		(56,489)	(56,489)
TOTAL BUSINESS-TYPE ACTIVITIES	<u>(1,699,850)</u>	<u>1,573,737</u>	<u>24,560</u>	<u>-0-</u>	<u>(101,553)</u>		<u>(101,553)</u>	<u>(101,553)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ (4,568,429)</u>	<u>\$ 1,812,245</u>	<u>\$ 387,826</u>	<u>\$ -0-</u>	<u>\$ (2,368,358)</u>			<u>(2,368,358)</u>
			GENERAL REVENUES:					
			Taxes:					
				Ad Valorem Tax		330,883	-0-	330,883
				Franchise Tax		57,340	-0-	57,340
				Sales Tax		1,250,009	-0-	1,250,009
				Other Tax		20,220	-0-	20,220
				Fines & Penalties		203,335	-0-	203,335
				Licenses & Permits		160,583	-0-	160,583
				Intergovernmental		70,927	-0-	70,927
				Investment Earnings		300	470	770
				Other General Revenues		66,402	30	66,432
				TRANSFERS IN/(OUT)		(86,840)	86,840	-0-
				TOTAL GENERAL REVENUES & TRANSFERS		<u>2,073,159</u>	<u>87,340</u>	<u>2,160,499</u>
				CHANGE IN NET POSITION		(193,646)	(14,213)	(207,859)
				NET POSITION-BEGINNING		<u>3,708,709</u>	<u>8,558,372</u>	<u>12,267,081</u>
				NET POSITION-ENDING		<u>\$ 3,515,063</u>	<u>\$ 8,544,159</u>	<u>\$ 12,059,222</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2021

	<u>GENERAL FUND</u>	<u>STREET BOND FUND</u>	<u>STREET CONSTRUCTION FUND</u>	<u>LCDBG CAPITAL PROJECTS FUND</u>	<u>TOTAL</u>
ASSETS					
Cash & Cash Equivalents	\$ 217,574	\$ -0-	\$ -0-	\$ -0-	\$ 217,574
Cash – Restricted	-0-	111,666	281	3,078	115,025
Receivables (Net of Allowances for Uncollectible)	224,637	-0-	-0-	-0-	224,637
Due from Other Funds	-0-	27,206	-0-	-0-	27,206
TOTAL ASSETS	<u>442,211</u>	<u>138,872</u>	<u>281</u>	<u>3,078</u>	<u>584,442</u>
LIABILITIES & FUND BALANCES					
LIABILITIES					
Accounts, Salaries, & Other Payables	84,142	-0-	-0-	-0-	84,142
Due to Other Funds	27,206	-0-	-0-	-0-	27,206
TOTAL LIABILITIES	<u>111,348</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>111,348</u>
FUND BALANCES					
Restricted	-0-	138,872	281	3,078	142,231
Unassigned	330,863	-0-	-0-	-0-	330,863
TOTAL FUND BALANCES	<u>330,863</u>	<u>138,872</u>	<u>281</u>	<u>3,078</u>	<u>473,094</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 442,211</u>	<u>\$ 138,872</u>	<u>\$ 281</u>	<u>\$ 3,078</u>	<u>\$ 584,442</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Reconciliation of the Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
June 30, 2021

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

Fund Balance, Total Governmental Funds (Statement C)		\$	473,094
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
	Capital Assets		7,982,331
	Accumulated Depreciation	-----	(3,516,810)
			4,465,521
Deferred outflows and inflows are not financial resources or currently payable.			
	Outflows		228,724
	Inflows	-----	(23,352)
			205,372
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
	Bonds/Notes Payable		(980,000)
	Accrued Compensated Absences	-----	(38,325)
			(1,018,325)
Long-term net pension liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.			
		-----	(610,599)
			(610,599)
Net Position of Governmental Activities (Statement A)		\$	<u>3,515,063</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	GENERAL FUND	STREET BOND FUND	STREET CONSTRUCTION FUND	LCDBG CAPITAL PROJECTS FUND	TOTAL
REVENUES					
Fees & Charges	\$ 238,508	\$ -0-	\$ -0-	\$ -0-	\$ 238,508
Taxes	1,527,018	131,434	-0-	-0-	1,658,452
Licenses & Permits	160,583	-0-	-0-	-0-	160,583
Fines	203,335	-0-	-0-	-0-	203,335
Interest Income	258	42	-0-	-0-	300
Reimbursements	70,927	-0-	-0-	-0-	70,927
Capital Grants	133,890	-0-	-0-	229,376	363,266
Other General Revenue	66,402	-0-	-0-	-0-	66,402
TOTAL REVENUES	<u>2,400,921</u>	<u>131,476</u>	<u>-0-</u>	<u>229,376</u>	<u>2,761,773</u>
EXPENDITURES					
General & Administrative	816,481	-0-	-0-	-0-	816,481
Public Safety:					
Fire	276,782	-0-	-0-	-0-	276,782
Police	952,596	-0-	-0-	-0-	952,596
Street	303,685	-0-	-0-	-0-	303,685
Sanitation	191,288	-0-	-0-	-0-	191,288
Recreation	49,287	-0-	-0-	-0-	49,287
Debt Service	-0-	106,924	-0-	-0-	106,924
Capital Outlay	81,950	-0-	-0-	229,376	311,326
TOTAL EXPENDITURES	<u>2,672,069</u>	<u>106,924</u>	<u>-0-</u>	<u>229,376</u>	<u>3,008,369</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(271,148)</u>	<u>24,552</u>	<u>-0-</u>	<u>-0-</u>	<u>(246,596)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In/(Out)	208,090	-0-	-0-	-0-	208,090
TOTAL OTHER FINANCING SOURCES (USES)	<u>208,090</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>208,090</u>
NET CHANGE IN FUND BALANCE	(63,058)	24,552	-0-	-0-	(38,506)
FUND BALANCES--BEGINNING	393,921	114,320	281	3,078	511,600
FUND BALANCES--ENDING	<u>\$ 330,863</u>	<u>\$ 138,872</u>	<u>\$ 281</u>	<u>\$ 3,078</u>	<u>\$ 473,094</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

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

Net Change in Fund Balances, Total governmental Funds, Statement E		\$ (38,506)
Governmental funds report capital outlays as expenditure. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	Capital Purchases Depreciation Exp	81,950 <u>(261,019)</u> (179,069)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	Loan Proceeds Principal Paid	-0- <u>80,000</u> 80,000
Net pension is reported in governmental funds as expenditure as they are paid; however, in the statement of activities the net pension expense is reported according to estimates required by GASB 68. This the amount that the pension estimate defers from pension expenses paid in the current year.	Net Pension Expense Pension Revenue	(95,868) <u>17,536</u> (78,332)
Increase in Accrued Compensated Absences		<u>22,261</u>
Changes in Net Position of Governmental Activities, Statement B		\$ <u><u>22,261</u></u> <u>(193,646)</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Net Position, Proprietary Fund
June 30, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 23,362	\$ 121,038	\$ 144,400
Receivables (Net of Allowances for Uncollectible)	80,316	156,751	237,067
TOTAL CURRENT ASSETS	<u>103,678</u>	<u>277,789</u>	<u>381,467</u>
NON-CURRENT ASSETS			
Restricted Assets	117,407	317,976	435,383
Capital Assets (Net of Accumulated Depreciation)	2,172,879	7,684,642	9,857,521
TOTAL NON-CURRENT ASSETS	<u>2,290,286</u>	<u>8,002,618</u>	<u>10,292,904</u>
TOTAL ASSETS	<u>2,393,964</u>	<u>8,280,407</u>	<u>10,674,371</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	15,569	173,925	189,494
Accrued Interest Payable	993	1,285	2,278
Revenue Bonds Payable (Current Portion)	84,454	29,073	113,527
TOTAL CURRENT LIABILITIES	<u>101,016</u>	<u>204,283</u>	<u>305,299</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	104,535	104,535
Revenue Bonds	284,138	1,436,240	1,720,388
TOTAL NON-CURRENT LIABILITIES	<u>284,138</u>	<u>1,540,775</u>	<u>1,824,923</u>
TOTAL LIABILITIES	<u>385,154</u>	<u>1,745,058</u>	<u>2,130,222</u>
NET POSITION			
Net Investment in Capital Assets	1,804,287	6,219,329	8,023,616
Unrestricted	204,523	316,020	520,543
TOTAL NET POSITION	<u>\$ 2,008,810</u>	<u>\$ 6,535,349</u>	<u>\$ 8,544,149</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
June 30, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUND (MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
OPERATING REVENUES			
Sales of Services	\$ 554,626	\$ 1,019,111	\$ 1,573,737
Other Operating Revenues	-0-	30	30
TOTAL OPERATING REVENUES	<u>554,626</u>	<u>1,019,141</u>	<u>1,573,767</u>
OPERATING EXPENSES			
Management Fees	-0-	496,045	496,045
Operating Expenses	302,944	353,759	656,703
Depreciation	198,647	291,966	490,613
TOTAL OPERATING EXPENSES	<u>501,591</u>	<u>1,141,770</u>	<u>1,643,361</u>
OPERATING INCOME (LOSS)	<u>53,035</u>	<u>(122,629)</u>	<u>(69,594)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	301	169	470
Interest Expense	(20,738)	(35,751)	(56,489)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(20,437)</u>	<u>(35,582)</u>	<u>(56,019)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	32,598	(158,211)	(125,613)
CONTRIBUTIONS & TRANSFERS			
Transfers In/(Out)	122,816	(35,976)	86,840
Capital Contributions	-0-	24,560	24,560
TOTAL CONTRIBUTIONS & TRANSFERS	<u>122,816</u>	<u>(11,416)</u>	<u>111,400</u>
CHANGE IN NET POSITION	155,414	(169,627)	(14,213)
TOTAL NET POSITION – BEGINNING	<u>1,853,396</u>	<u>6,704,976</u>	<u>8,558,372</u>
TOTAL NET POSITION – ENDING	<u>\$ 2,008,810</u>	<u>\$ 6,535,349</u>	<u>\$ 8,544,159</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Cash Flows
Proprietary Fund
June 30, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	SEWER	WATER	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers & Users	\$ 548,922	\$ 1,022,072	\$ 1,570,994
Payments to Suppliers	(289,454)	(850,477)	(1,139,931)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>259,468</u>	<u>171,595</u>	<u>431,063</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) Other Funds	122,816	(35,976)	86,840
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>122,816</u>	<u>(35,976)</u>	<u>86,840</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Receipts from Capital Grants	-0-	24,560	24,560
Interest Paid on Capital Debt	(20,738)	(35,751)	(56,489)
Principal Paid on Revenue Bonds	(84,454)	(29,073)	(113,527)
Acquisition & Construction/Deletion of Capital Assets	(294,931)	(2,101)	(297,032)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	<u>(400,123)</u>	<u>(42,365)</u>	<u>(442,488)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest & Dividends Received	302	169	471
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>302</u>	<u>169</u>	<u>471</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(17,537)	93,423	75,886
CASH - BEGINNING OF YEAR	<u>158,306</u>	<u>345,591</u>	<u>503,897</u>
CASH - END OF YEAR	<u>140,769</u>	<u>439,014</u>	<u>579,783</u>
RECONCILIATION TO BALANCE SHEET			
Cash and Cash Equivalents	23,362	121,038	144,400
Other Restricted Cash	117,407	317,976	435,383
TOTAL CASH & CASH EQUIVALENTS	<u>\$ 140,769</u>	<u>\$ 439,014</u>	<u>\$ 579,783</u>

The accompanying notes are an integral part of this statement.

TOWN OF FERRIDAY, LOUISIANA
Statement of Cash Flows Reconciliation
Proprietary Fund
June 30, 2021

	BUSINESS-TYPE ACTIVITIES		
	ENTERPRISE FUND		
	(MAJOR ENTERPRISE FUND)		
	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
OPERATING INCOME/(LOSS)	\$ 53,035	(122,629)	\$ (69,594)
Depreciation Expense	198,647	291,966	490,613
(Increase) Decrease in Accounts Receivable	(5,704)	(6,529)	(12,233)
Increase (Decrease) in Accounts Payables	13,490	(673)	12,817
Increase (Decrease) in Customer Deposits	-0-	9,460	9,460
Increase (Decrease) in Accrued Interest	-0-	-0-	-0-
TOTAL ADJUSTMENTS	<u>206,433</u>	<u>294,224</u>	<u>500,657</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 259,468</u>	<u>\$ 171,595</u>	<u>\$ 431,063</u>

The accompanying notes are an integral part of this statement.

**NOTES TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Ferriday was incorporated under the provisions of the Lawrason Act in 1923. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), streets, sanitation, utility services, and general administrative functions, including coordination of related services with parish, state, and federal governing bodies.

The accounting and reporting policies of the Town of Ferriday conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity 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 expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary 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.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Street Bond Fund accounts for transactions relating to resources retained and used for the payment of principal and interest on long-term obligations created by the issuing of \$1,280,000 general obligation bonds.

The Street Construction Fund accounts for transactions relating to proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The LCDBG Capital Projects Fund accounts for emergency construction of repairs to the water intake facility connected to the water treatment plant. This construction is funded by a grant under LCDBG contract No. 698535. This Fund also accounts for LCDBG for wastewater collection system improvements for Concordia and Fudickar Street lift stations, contract No. 2000449751, FY 2019.

The municipality reports the following major proprietary funds:

- Water Activities
- Sewer Activities

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. EQUITY CLASSIFICATIONS

In the government-wide financial statements, equity is classified as Net Position and displayed in three components as applicable. The components are as follows:

Net Investment in Capital Assets - Capital assets including restricted capital assets, when applicable, net of accumulated depreciation.

Restricted Net Position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies restricted resources first. The policy concerning which to apply first varies with the intended use and legal requirements. The decision is typically made by management at the incurrence of the expense.

In the Fund Financial Statements, governmental fund equity is classified as a fund balance. The Town has implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance – amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- d. Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

- e. Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

D. CASH & INVESTMENTS

For purposes of the Statement of Net Position, cash and interest-bearing deposits all demand accounts, savings accounts, and certificates of deposit of the Town. For the purpose of the proprietary fund Statement of Cash Flows, “Cash and Cash Equivalents” include all demand and savings accounts, and certificates of deposit under 90 days.

All cash and investments (CD’s over 90 days) are reported at cost and are on deposit at federally insured banks.

It is the Town’s policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town’s deposits are categorized to give an indication of the level of risk assumed by the Town at fiscal year-end. All deposits were secured at the year-end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Town or by its agent in the Town’s name.
- *Category 2* – Collateralized with securities held by the pledging financial institution’s trust department or agent in the Town’s name.
- *Category 3* – Uncollateralized.

	Delta Bank	Concordia Bank	Tensas State Bank	Total
Bank Balances	\$ 578,322	\$ 366,042	\$ 5,772	\$ 950,136
<i>Secured As Follows</i>				
FDIC (<i>Category 1</i>)	250,000	250,000	5,772	505,772
Securities (<i>Category 2</i>)	748,803	600,537	-0-	1,349,340
Uncollateralized (<i>Category 3</i>)	-0-	-0-	-0-	-0-
Total	\$ 998,803	\$ 850,537	\$ 5,772	\$ 1,855,112

Deposits were fully secured as of June 30, 2021.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

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 Entity that the fiscal agent bank has failed to pay deposit funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the Entity's name.

E. ACCOUNTS RECEIVABLE & BAD DEBTS – GENERAL FUND & ALLOWANCE FOR BAD DEBTS – ENTERPRISE FUND

At June 30, 2021 the receivables were as follows:

	Enterprise Fund		Governmental Fund
	Sewer Activities	Water Activities	General Fund
Tax & License	\$ -0-	\$ -0-	\$ 141,660
Fees	-0-	-0-	2,841
Fines	-0-	-0-	45,330
Grants	-0-	-0-	-0-
Customer	215,136	409,524	-0-
Allowance for Bad Debts	(134,820)	(257,602)	-0-
Total	\$ 80,316	\$ 151,922	\$ 189,831

F. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

G. CAPITAL ASSETS

For the year ended June 30, 2021, no interest costs were capitalized for construction of fixed assets.

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	Life In Years
Water System	40
Sewer System	40
Buildings	40
Equipment	3-10
Other	5-20

The Town has a capitalization policy of \$2,500.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

H. COMPENSATED ABSENCES

The municipality has the following policy relating to vacation and sick leave:

Annual Leave- For the first five years of full-time employment, each employee shall be credited with 80 hours of annual leave on his or her employment anniversary date. Each employee with more than five and less than ten years of service as a full -time employee shall be credited with 96 hours of annual leave on his or her anniversary date. Each employee with ten or more years of service as a full-time employee shall be credited with 120 hours of annual leave on his or her employment anniversary. The maximum hours accumulated can be no more than 240 hours.

Sick Leave- Each full-time employee shall earn sick leave at the rate of eight hours for each month work. However, no employee may accumulate more than 80 hours of sick leave per year, nor accumulate more than 240 hours of sick leave overall.

GASB Statement 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

1. An accrual for earned sick leave should be made only to the extent that it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

I. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

J. RESTRICTED NET POSITION

The Town records restricted assets to indicate that a portion of its net position balances are legally restricted for a specific future use. The following is a list of such restrictions and a description of each:

Restricted for System Maintenance

This amount represents monies restricted for repairs and replacement of the water system.

Restricted - Revenue Bonds

This amount represents monies restricted as required by the revenue bond indentures.

Restricted for Debt Service

Certain assets have been restricted in the Debt Service Fund for future payment of long-term liabilities of the governmental funds.

2. AD VALOREM TAXES

The Town levies taxes on real and business personal property located within its boundaries. Property taxes are levied on a calendar year basis and become due on January 1 of each year.

Property Tax Calendar

Assessment Date	January 1
Levy Date	No Later Than June 1
Tax Bills Mailed	On or About October 15
Total Taxes Are Due	December 31
Penalties and Interest are Added	January 1
Lien Date	January 1

The following is a summary of authorized and levied ad valorem taxes for the year ended June 30, 2021:

	<u>Mills</u>
General Fund	14.66
General Obligation Bond Fund	12.00
Fire & Police Protection	<u>10.14</u>

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The Town has levied a 2% sales tax on sales within the legal limits of the Town. The proceeds of the sales tax are dedicated to:

1. Payment of general operating expenses of the Town,
2. Payment of all or part of capital improvements,
3. Maintenance or operation of capital improvements, and
4. Any one or all of the aforementioned purposes.

3. RESTRICTED ASSETS

At June 30, 2021, certain assets of the Town have been restricted for debt service and customers' deposits as follows:

	Enterprise Fund		Governmental Fund		
	Water	Sewer	Street Bond	Street Construction	LCDBG Capital Projects
Bond Sinking/Reserve	\$ 18,991	\$ 109,608	69,055	\$ -0-	-0-
Meter Deposit	113,749	-0-	-0-	-0-	-0-
Depreciation & Contingencies	179,017	7,799	-0-	-0-	-0-
Other	6,219	-0-	42,711	281	3,078
Total	\$ 317,976	\$ 117,407	\$ 111,766	\$ 281	\$ 3,078

4. CAPITAL ASSETS

Governmental Fund:

A summary of governmental fund assets at June 30, 2021, is as follows:

	Balance 06-30-2020	Additions	Deletions	Balance 06-30-2021
General	\$ 4,760,644	\$ -0-	\$ -0-	\$ 4,760,644
Fire	343,303	7,820	-0-	351,123
Police	271,971	74,130	-0-	346,101
Street	2,330,509	-0-	-0-	2,330,509
Land*	193,954	-0-	-0-	193,954
Total Capital Assets	7,900,381	81,950	-0-	7,982,331
Accumulated Depreciation	(3,255,791)	(261,019)	-0-	(3,516,810)
Total Capital Assets, Net	\$ 4,644,590	\$ (179,069)	\$ -0-	\$ 4,465,521

* Land in the amount of \$193,954 is not being depreciated.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

General	\$	131,210
Fire		5,839
Police		5,038
Street		118,932
Total Depreciation	\$	<u>261,019</u>

Property Enterprise Fund:

A summary of enterprise fund property, plant and equipment at June 30, 2021, is as follows:

	Balance 06-30-2020	Additions	Deletions	Balance 06-30-2021
Sewer System	\$ 6,906,098	\$ 294,931	\$ -0-	\$ 7,201,029
Accumulated Depreciation	(4,829,503)	(198,647)	-0-	(5,028,150)
Total Capital Assets, Net	<u>\$ 2,076,595</u>	<u>\$ 96,284</u>	<u>\$ -0-</u>	<u>\$ 2,172,879</u>

	Balance 06-30-2020	Additions	Deletions	Balance 06-30-2021
Water System	\$ 11,998,559	\$ 154,793	\$ -0-	\$ 12,153,352
Construction in Progress*	152,693	-0-	(152,693)	-0-
Accumulated Depreciation	(4,176,744)	(291,966)	-0-	(4,468,710)
Total Capital Assets, Net	<u>\$ 7,974,508</u>	<u>\$ (137,173)</u>	<u>\$ (152,693)</u>	<u>\$ 7,684,642</u>

5. CHANGES IN LONG-TERM DEBT

The following is a summary of bond and installment notes payable transactions of the Town of Ferriday for the year ended June 30, 2021.

	Balance 06-30-2020	Additions	Reductions	Balance 06-30-2021
USDA Sewer Revenue Bond (Business-Type Activities)	\$ 453,045	\$ -0-	\$ (84,464)	\$ 368,601
USDA Water Revenue Bonds (Business-Type Activities)	1,263,344	-0-	(24,743)	1,238,602
USDA Water Revenue Bonds (Business-Type Activities)	231,042	-0-	(4,331)	226,712
General Obligation Bonds (Governmental Activities)	1,060,000	-0-	(80,000)	980,000
Total	<u>\$ 3,007,431</u>	<u>\$ -0-</u>	<u>\$ (193,538)</u>	<u>\$ 2,813,915</u>

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Bonds and installment notes payable at June 30, 2021, are comprised of the following individual issues:

Revenue Bonds and Notes Payable (Enterprise Fund)

\$1,800,000 Sewer Revenue Bonds Dated 1993, due in monthly installments totaling \$105,192 annually due 1993 – June 14, 2033; interest rate at 5%.	\$ 368,601
\$1,384,000 Water Revenue Bonds dated 04/17/2017 through 04/17/2054 due in annual installments of \$4,540; interest rate at 2.365%.	1,238,602
\$252,000 Water Revenue Bonds dated 04/17/2017 through 04/17/2054 due in monthly installments of \$862; interest rate at 2.625%.	226,712

Notes & Lease Payable (Governmental Activities)

General Obligation Bonds - \$1,280,000 due in annual installments of \$70,000 to \$115,000 through March 1, 2031 bearing interest at 2.54%.	980,000
Total	<u>\$ 2,813,915</u>

<u>Year Ending June 30,</u>	<u>\$1,800,000 USDA Sewer Revenue Bonds</u>	<u>\$252,000 USDA Water Revenue Bonds</u>	<u>\$1,384,000 USDA Water Revenue Bonds</u>	<u>\$1,280,000 Patterson State Bank GO Bonds</u>
2021	\$ 105,192	\$ 10,344	\$ 54,480	\$ 106,924
2022	105,192	10,344	54,480	109,892
2023	105,192	10,344	54,480	107,733
2024	105,192	10,344	54,480	110,574
2025	86,691	10,344	54,480	108,288
2026-2030	-0-	51,720	272,400	569,737
2031-2035	-0-	51,720	272,400	117,921
2036-2040	-0-	51,720	272,400	-0-
2041-2045	-0-	51,720	272,400	-0-
2046-2050	-0-	51,720	272,400	-0-
2051-2055	-0-	37,912	203,294	-0-
	<u>\$ 507,459</u>	<u>\$ 348,232</u>	<u>\$ 1,837,694</u>	<u>\$ 1,231,069</u>

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The Town of Ferriday's proprietary fund bonds are governed by the terms of an indenture agreement, under the following terms:

Water Activity Bonds

1. The Town shall maintain an "Operation and Maintenance Reserve Fund" equal to 25% of the annual operation and maintenance cost estimated to be \$709,440, which equals \$177,360. This \$177,360 balance must be created over a 60-month period by depositing \$2,935 per month. The Town should revisit this account annually to adjust their deposits accordingly to maintain three months of the current operations and maintenance expense in an O & M reserve account. At June 30, 2021, the Town was in compliance with this covenant.
2. The Town shall maintain a "Depreciation Reserve Fund" by depositing \$3,434 monthly in addition to the debt service reserve. At June 30, 2021, the Town was in compliance with this covenant.
3. The Town shall maintain an "Emergency Fund" by depositing 10% of the proposed loan installment which would equal \$88 per month or as assigned by rural development for maintenance and repairs and debt repayment should the need arise. Reserve deposits will commence once the system becomes revenue producing. At June 30, 2021, the Town was in compliance with this covenant.

Sewer Activity Bonds

1. The Town shall maintain a "Reserve Fund" into which monthly payments of \$439 to \$475 shall be deposited until a balance of \$105,192 has been accumulated. The reserve fund balance was \$10,406 as of June 30, 2021. At June 30, 2021, the Town was in compliance with this covenant.
2. The Town shall maintain a "Contingency Fund" into which monthly payments of \$441 shall be deposited. The contingency fund balance was \$47,296 as of June 30, 2021. At June 30, 2021, the Town was in compliance with this covenant.
3. The Town had a requirement to maintain a "Sinking Fund" into which \$8,766 shall be deposited monthly. The Town now pays the note on a monthly basis; therefore, no sinking fund is required.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

6. PENSION PLAN

Substantially all employees of the Town of Ferriday are members of the following statewide retirement system: Municipal Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustee. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

The Municipal Employees' Retirement System prepares its employer schedules in accordance with the Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. It identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense and amortization periods for deferred inflows and deferred outflows.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Municipal Employees' Retirement System's employer schedules are prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

B. Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimated and assumptions primarily related to actuarial valuations or unsettled transactions and events as of the date of the financial statements and estimates in the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

C. System Employees

The System is not allocated a proportionate share of the net liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

D. Use of Estimates

The preparation of schedules of employer allocations and pension amounts by employer in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities. Actual results could differ from these estimates.

NOTE 2 – PLAN DESCRIPTION

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years credible service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years credible service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS).

Plan Membership

For the year ended June 30, 2020, there were 88 contributing municipalities in Plan A and 68 in Plan B. At June 30, 2020, statewide retirement membership consists of the following:

	<u>Plan A</u>	<u>Plan B</u>	<u>Total</u>
Inactive plan members or beneficiaries receiving benefit	3,618	1,107	4,725
Inactive plan members entitled to but not yet receiving benefits	3,535	1,732	5,267
Active plan members	<u>4,783</u>	<u>2,037</u>	<u>6,820</u>
Total participants as of the valuation date	<u>11,936</u>	<u>4,876</u>	<u>16,812</u>

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Plan eligibility and benefits are as follows:

A. Eligibility Requirements

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

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

B. Retirement Benefits

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

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

1. Any age with twenty-five or more years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarial reduces early benefit.

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

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements:

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with thirty years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

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

1. Any age with thirty years of creditable service.
2. Age 60 with minimum of ten or more years of creditable service.

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

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

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with thirty years of creditable service.
4. Any age with twenty-five years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

C. Survivor Benefits

Upon death of any member of Plan A with five or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

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

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

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

D. Drop Benefits

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

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

E. Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State of Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, in which he would receive a regular retirement benefit under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

F. Cost of Living Increases

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

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

G. Deferred Benefits

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

NOTE 3 – CONTRIBUTIONS

Contributions for all members are established by statute. Member contributions are at 9.50% of earnable compensation for Plan A and 5.00% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2020, the employer contribution rate was 27.75% of member's earnings for Plan A. For the year ended June 30, 2020, the employer contribution rate was 14.00% of member's earnings for Plan B.

According to state statute, the System also receives one-fourth of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employee's Retirement System and the Employee's Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contribution entities.

Administrative costs of the System are financed through employer contributions.

NOTE 4 – SCHEDULE OF EMPLOYER ALLOCATIONS

The schedule of employer allocations reports the employer contributions in addition to the employer allocation percentage. The employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System of Louisiana. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's contribution effort to the plan for the current fiscal year as compared to the total of all employers' contribution effort was based on actual employer contributions made to the Retirement System for the fiscal year ended June 30, 2020.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 5 – SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

The schedule of pension amounts by employer displays each employer’s allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expenses. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocations.

NOTE 6 – DISAGGREGATED PENSION AMOUNTS

<u>Changes in Deferred Inflows and Outflows</u>	<u>Amounts from the 2020 Employer Pension Report</u>	<u>2021 Employer Specific Amounts</u>	<u>2021 Total Pension Amounts</u>
Net Pension Liability	\$ 441,603	\$ -	\$ 441,603
Deferred Outflows	61,627	(6,908)	54,719
Deferred Outflows – Contributions Subsequent to Measurement Date	-	93,161	93,161
Deferred Inflows – Differences b/w Expected & Actual Experience	19,298	-	19,298
Pension Expense	98,463	(96,857)	1,606
Revenue	\$ 13,551	\$ -	\$ 13,551

NOTE 7 – ACTUARIAL METHODS AND ASSUMPTIONS

Net Pension Liability

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current and inactive employees that is attributed to those employees’ past periods of service, less the amount of the pension plan’s fiduciary net position.

The components of the net pension liability of the System’s employers for Plan A as of June 30, 2020 are as follows:

	<u>Plan A June 30, 2020</u>
Total pension liability	\$ 1,218,616,969
Plan fiduciary net position	(786,276,078)
Employer’s net pension liability	<u>\$ 432,340,891</u>
 Plan fiduciary net position as a % of the total pension liability	 64.52%

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The components of the net pension liability of the System’s employers for Plan B as of June 30, 2020 are as follows:

		Plan B June 30, 2020
Total pension liability	\$	268,596,718
Plan fiduciary net position		(177,974,097)
Employer’s net pension liability	\$	90,622,621
 Plan fiduciary net position as a % of the total pension liability		 66.26%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an actuarial experience study, for the period July 1, 2013 through June 30, 2018.

Information on the actuarial valuation and assumptions is as follows:

	<u>June 30, 2020</u>
Valuation Date	June 30, 2020
Actuarial cost method	Entry age normal cost
Expected remaining service lives	3 years
Investment rate of return	6.95%, net of pension plan investment expense, including inflation
Inflation rate	2.5%
Salary increases, including inflation and merit increases:	
-1 to 4 years of service	6.4%-Plan A and 7.4%-Plan B
-More than 4 years of service	4.5%-Plan A and 4.9%-Plan B
Annuitant and beneficiary mortality	PubG-2010(B) Heathy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(b) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Discount Rate

The long-term 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 expenses 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 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:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		2.6%
Expected Arithmetic Nominal Return		7.0%

The discount rate used to measure the total pension liability was 6.95% for the years ended June 30, 2020. The projection of cash flows used to determine the discount assumed that contributions from plan members will be at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 – SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the System calculated using the discount rate of 6.95%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.95%) or one percentage point higher (7.95%) than the current discount rate (assuming all other assumptions remain unchanged):

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Changes in net pension liability from changes in the discount for years ending June 30, 2020 for Plan A are as follows:

	Plan A		
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Net Pension Liability	\$ <u>562,428,117</u>	\$ <u>432,340,891</u>	\$ <u>322,346,642</u>

Changes in net pension liability from changes in the discount for years ending June 30, 2020 for Plan B are as follows:

	Plan B		
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Net Pension Liability	\$ <u>120,635,610</u>	\$ <u>90,622,621</u>	\$ <u>65,227,497</u>

NOTE 9 – CHANGE IN NET 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 employees 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 changes in the net pension liability for the year ended June 30, 2020 were recognized in the current reporting period as pension expense except as follows:

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Differences between Expected and Actual Experience

The differences between expected and actual experience for Plan A and Plan B resulted in deferred inflows of resources and pension expense (benefit) as of June 30, 2020 as follows:

Plan A					
June 30, 2020					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 300,705	\$ -0-	\$ 100,235	\$ 200,470	\$ -0-
2019	-0-	4,901,737	(2,450,867)	-0-	2,450,870
2018	\$ -0-	\$ 5,293,790	\$ (5,293,790)	-0-	-0-
				\$ 200,470	\$ 2,450,870

Plan B					
June 30, 2020					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ -0-	\$ 805,689	\$ (268,565)	\$ -0-	\$ 537,124
2019	-0-	1,975,365	(987,694)	-0-	987,671
2018	-0-	1,430,879	(1,430,879)	-0-	-0-
2017	\$ -0-	\$ 473,923	\$ (473,923)	-0-	-0-
				\$ -0-	\$ 1,524,795

Differences between Projected and Actual Investment Earnings

The differences between projected and actual investment earnings for Plan A and Plan B resulted in deferred outflows of resources and pension expense as of June 30, 2020 as follows:

Plan A					
June 30, 2020					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 31,619,883	\$ -0-	\$ 6,323,976	\$ 25,295,907	\$ -0-
2019	13,916,210	-0-	3,479,052	10,437,158	-0-
2018	5,440,291	-0-	1,813,430	3,626,861	-0-
2017	7,566,364	-0-	3,783,181	3,783,183	-0-
2016	\$ 14,520,480	\$ -0-	\$ 14,520,480	-0-	-0-
				\$ 43,143,109	\$ -0-

Plan B					
June 30, 2020					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 7,205,168	\$ -0-	\$ 1,441,034	\$ 5,764,134	\$ -0-
2019	3,201,690	-0-	800,423	2,401,267	-0-
2018	1,279,407	-0-	426,473	852,934	-0-
2017	1,640,152	-0-	820,076	820,076	-0-
2016	\$ 3,092,687	\$ -0-	\$ 3,092,693	-0-	-0-
				\$ 9,838,411	\$ -0-

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

Changes in Assumptions or Other Inputs

The changes in assumptions for Plan A and Plan B resulted in deferred outflows of resources and pension expense as of June 30, 2020 as follows:

Plan A					
			June 30, 2020		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 6,352,896	\$ -0-	\$ 2,117,632	\$ 4,235,264	\$ -0-
2019	6,076,307	-0-	3,038,161	3,038,146	-0-
2018	\$ 4,483,601	\$ -0-	\$ 4,483,601	-0-	-0-
				\$ 7,273,410	\$ -0-

Plan B					
			June 30, 2020		
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows
2020	\$ 1,400,098	\$ -0-	\$ 466,699	\$ 933,399	\$ -0-
2019	3,750,239	-0-	1,875,124	1,875,115	-0-
2018	\$ 1,001,120	\$ -0-	\$ 1,001,120	-0-	-0-
2017	581,475		581,475	-0-	-0-
				\$ 2,808,514	\$ -0-

Changes in Proportion

Changes in the employer’s proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer’s pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employers’ proportionate shares are presented in the schedule of pension amounts by employer as deferred outflows or deferred inflows as of June 30, 2020.

NOTE 10 – CONTRIBUTIONS – PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer’s proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of pension amounts by employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – RETIREMENT FUND AUDIT REPORT

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2020. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.gov.

NOTE 12 – SUBSEQUENT EVENTS

The System evaluated all subsequent events through January 29, 2021, the date the employer schedules were available to be issued. As a result, management noted no subsequent events that required adjustment to, or disclosure in, these employer pension schedules.

NOTE 13 – ESTIMATES

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumption regarding certain types of assets, liabilities, revenues and expenses. According, actual results may differ from estimated amounts.

B. Municipal Police Employees Retirement System of Louisiana

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Municipal Police Employees' Retirement System prepares its employer schedules in accordance with Governmental Accounting Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. GASB Statement No. 68 established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It provides methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. It also provides methods to calculate participating employer's proportionate share of net pension liability, deferred inflows, deferred outflows, pension expense, and amortization periods for deferred inflows and deferred outflows.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

A. Basis of Accounting

The System's employer schedules were prepared using the accrual basis of accounting. Employer contributions, for which the employer allocations are based, are recognized in the period in which the employee is compensated for services performed.

B. System Employees

The System is not allowed a proportionate share of the net pension liability related to its employees. The net pension liability attributed to the System's employees is allocated to the remaining employers based on their respective employer allocation percentage.

C. Pension Amount Netting

The deferred outflows and deferred inflows of resources resulting from differences between projected and actual earnings on pension plan investments that were recorded in different years were netted to report only a deferred outflow or a deferred inflow on the schedule of pension amounts. The remaining categories of deferred outflows and deferred inflows were presented on a net basis.

D. Plan Fiduciary Net Position

Plan fiduciary net pension is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues, and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts.

NOTE 2 – PLAN DESCRIPTION

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefits terms and any additional legal agreements to provide benefits that are in force at the measurement date.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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

A. Membership Prior to January 1, 2013

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

Benefit rates are 3.33% of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 40% to 60% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives benefits equal to 10% of the member's average final compensation or \$200 per month, whichever is greater.

B. Membership Commencing January 1, 2013

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are 3% (generally) and 2.5%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from 25% to 55% of the member's average final compensation for the surviving spouse. In addition, each child under age 18 receives 10% of average final compensation or \$200 per month whichever is greater. If deceased member had less than 10 years of service, beneficiary will receive a refund of employee contributions only.

C. Cost-of-Living Adjustments

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

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost-of-living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

D. Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at the date of application. The duration of participation in the DROP is 36 months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If a member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

E. Initial Benefit Option Plan

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

NOTE 3 – EMPLOYER CONTRIBUTIONS

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2020, total contributions due from employers and employees were as follows:

	Contribution Rates		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Members hired prior to 1/1/2013	10.00%	32.50%	42.50%
Hazardous Duty Members hired after 1/1/2013	10.00%	32.50%	42.50%
Non-Hazardous Duty Members hired after 1/1/2013	8.00%	32.50%	40.50%
Members whose earnable compensation is less than the poverty guidelines	7.50%	34.25%	41.75%

Non-Employer Contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial duty. Non-employer contributions were recognized as revenue during the year ended June 30, 2020 and excluded from pension expense.

NOTE 4 – SCHEDULE OF EMPLOYER ALLOCATIONS

The schedule of employer allocations reports the historical employer contributions in addition to the employer allocation percentages for each participating employer. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of the Municipal Police Employee's Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of pension amounts.

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The allocation method used in determining each employer’s proportion was based on each employer’s contributions to the System during the year ended June 30, 2020, as compared to the total of all employer’s contributions to the System for during the year ended June 30, 2020.

NOTE 5 – SCHEDULE OF PENSION AMOUNTS BY EMPLOYER

The schedule of pension amounts by employer displays each employer’s allocation of the net pension liability, the various categories of deferred outflows of resources, the various categories of deferred inflows of resources, and the various categories of pension expense. The schedule of pension amounts by employer was prepared using the allocations included in the schedule of employer allocation.

NOTE 6 – DISAGGREGATED PENSION AMOUNTS

<u>Changes in Deferred Inflows and Outflows</u>	<u>Amounts from the 2020 Employer Pension Report</u>	<u>2021 Employer Specific Amounts</u>	<u>2021 Total Pension Amounts</u>
Net Pension Liability	\$ 168,996	\$ -	\$ 168,996
Deferred Outflows	76,398	(1,615)	74,783
Deferred Outflows – Contributions Subsequent to Measurement Date	-	6,061	6,061
Deferred Inflows – Differences b/w Expected & Actual Experience	30,126	-	30,126
Pension Expense	63,051	(6,598)	56,453
Revenue	\$ 3,986	\$ -	\$ 3,986

NOTE 7 – ACTUARIAL METHODS AND ASSUMPTIONS

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees’ past periods of service, less the amount of the pension plan’s fiduciary net position.

The components of the net pension liability of the System’s employers as of June 30, 2020 are as follows:

Total Pension Liability	\$ 3,180,974,031
Plan Fiduciary Net Position	(2,256,740,977)
Total Collective Net Pension Liability	<u>\$ 924,233,054</u>

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The actuarial assumptions used in the June 30, 2020, valuation were based on the assumptions used in the June 30, 2020 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2020. In cases where the benefit structures were changed after the study period, assumptions were based on estimates of future experiences.

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

Valuation Date	June 30, 2020	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Investment Rate of Return	6.950%, net of investment expense	
Expected Remaining Service Lives	2020 – 4 years	
	2019 – 4 years	
	2018 – 4 years	
	2017 – 4 years	
Inflation Rate	2.50%	
Salary increases, including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	12.30%
	3 and over	4.70%
Mortality	<p>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 scale.</p> <p>For Disabled lives, the Pub-2010 Public Retirement plan Mortality table for Safety disable retirees multiplied by 105% males and 115% for females, each with full generational projection using the MP2019 scale.</p> <p>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.</p>	
Cost-of-Living Adjustments	<p>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 increased not yet authorized by the Board of Trustees.</p>	

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

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(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:

	June 30, 2020	
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternative	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Nominal Return		7.19%

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

NOTE 8 - SENSITIVITY TO CHANGES IN DISCOUNT RATE

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is one percentage point lower, 5.950% or one percentage point higher, 7.950%, than the current rate as of June 30, 2020.

	Changes in Discount Rate		
	1% Decrease 5.950%	Current Discount Rate 6.950%	1% Increase 7.950%
Net Pension Liability	\$ 1,298,448,908	\$ 924,233,054	\$ 611,404,078

NOTE 9 – CHANGES IN NET PENSION LIABILITY

The changes in the net pension liability for the year ended June 30, 2020, were recognized in the current reporting period as pension expense except as follows:

Differences between Expected and Actual Experience:

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the pension plan. The differences between expected and actual experience resulted in deferred inflows of resources as of June 30, 2020, as follows:

	June 30, 2020					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	
2020	\$ -0-	\$ 29,781,524	\$ (7,445,381)	\$ -0-	\$ 22,336,143	
2019	-0-	591,346	(197,115)	-0-	394,231	
2018	-0-	27,348,895	(13,674,447)	-0-	13,674,448	
2017	\$ 1,905,548	\$ -0-	\$ 1,905,548	-0-	-0-	
			Totals	\$ -0-	\$ 36,404,822	

Differences between Projected and Actual Investment Earnings:

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period. The difference between projected and actual investment earnings resulted in a deferred inflow of resources as of June 30, 2020, as follows:

	June 30, 2020						
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	Net Deferred Outflows	
2020	\$ 105,286,461	\$ -0-	\$ 21,057,292	\$ 84,229,169	\$ -0-	\$ 84,229,169	
2019	58,921,699	-0-	14,730,425	44,191,274	-0-	44,191,274	
2018	4,416,788	-0-	1,472,263	2,944,525	-0-	2,944,525	
2017	-0-	40,969,475	(20,484,738)	-0-	20,484,737	(20,484,737)	
2016	\$ 36,633,117	\$ -0-	\$ 36,633,117	-0-	-0-	-0-	
			Totals	\$ 131,364,968	\$ 20,484,737	\$ 110,880,231	

Changes of Assumptions or Other Inputs:

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. The changes of assumptions or other inputs resulted in deferred outflows of resources and deferred inflows of resources as of June 30, 2020, as follows:

	June 30, 2020					
	Deferred Outflows	Deferred Inflows	Pension Expense (Benefit)	Deferred Outflows	Deferred Inflows	
2019	\$ -0-	\$ 30,411,618	\$ (7,602,905)	\$ -0-	\$ 22,808,713	
2018	18,431,530	-0-	6,143,843	12,287,687	-0-	
2017	19,348,437	-0-	9,674,219	9,674,218	-0-	
2016	\$ 13,112,065	\$ -0-	\$ 13,112,065	-0-	-0-	
			Totals	\$ 21,961,905	\$ 22,808,713	

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Changes in Proportion:

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amount arising from changes in the employer's proportionate shares are presented in the Schedule of Pension Amounts as deferred outflows or deferred inflows as of June 30, 2020.

NOTE 10 – CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provide with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

NOTE 11 – RETIREMENT SYSTEM AUDIT REPORT

Municipal Police Employees' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2020. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.la.state.la.us.

NOTE 12 – ESTIMATES

The process of preparing the schedule of employer allocations and schedule of pension amounts in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumption regarding certain types of assets, liabilities, revenues and expenses. According, actual results may differ from estimated amounts.

7. USE OF ESTIMATES

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

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

8. ENCUMBRANCES

The Town does not utilize encumbrance accounting.

9. TRANSFERS

Transfers From/To Other Funds	
Transfers In/(Out)	Amount
General	\$ (86,840)
Street Bond	-0-
LCDBG Water Intake	-0-
Sewer	122,816
Water	(35,976)
Total	\$ -0-

The transfers were made to pay other fund expenses.

10. ELECTED OFFICIAL'S SALARIES

Name	Title	Term	Annual Salary
Rydell Turner	Mayor	7/1/2020 - 6/30/2024	\$ 44,000
Elijah Banks	Alderman	7/1/2020 - 6/30/2024	6,000
Andre Keys	Alderman	7/1/2020 - 6/30/2024	6,000
Gloria Lloyd	Alderwoman	7/1/2020 - 6/30/2024	6,000
Sandra Gail Pryor	Alderwoman	7/1/2020 - 6/30/2024	6,000
Brandi Bacon	Alderwoman	7/1/2020 - 6/30/2024	\$ 6,000
Arthur Lewis	Chief of Police	7/1/2020 - 6/30/2024	39,312

*Council is paid \$500 for regular meetings and \$100 for special meetings.

11. UTILITY RATES

Rate Schedule:

Water	Residential - \$35.00 for the 1 st 2,000 gal., \$4.50 per 1,000 thereafter Commercial - \$80.00 for the 1 st 10,000 gal., \$4.50 per 1,000 thereafter Nonresidential - \$35.00 for the 1 st 2,000 gal., \$4.50 per 1,000 thereafter
Sewer	Residential \$17.50 for the 1 st 2,000 gal., \$2.50 per 1,000 thereafter Commercial \$50.00 for the 1 st 2,000 gal., \$2.50 per 1,000 thereafter Prison \$300.00 for the 1 st 2,000 gal., \$0.3.00 per 1,000 thereafter
Garbage	Residential \$15.00 flat fee Commercials \$22.00 flat fee

TOWN OF FERRIDAY, LOUISIANA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)**

The Town of Ferriday Enterprise Fund has the following rates:

Tap Fee (Water or Sewer)	\$	750
Residential Water Deposit		100
Commercial Water Deposit		150
Connection Fee		105
Reconnect Fee		105
Tamper Fee		105
Transfer Fee		20
NSF Fee	\$	30

12. INSURANCE

Type	Agency	Amount	Date Expired
General Liability	Catahoula Insurance		
General aggregate	Agency Inc.	\$2,000,000	
Each occurrence limit		1,000,000	
Personal injury		1,000,000	
Damages to premises rented		100,000	7/10/2021
Products – comp/op		2,000,000	
Sewage Backup		250,000	
Workmen’s Compensation	Catahoula Insurance		
Each accident	Agency Inc.	\$100,000	
Disease – each employee		100,000	12/03/2021
Disease – policy limit		500,000	
Property Insurance	Burns & Wilcox	\$68,000	
	Brokerage		7/01/2022
Auto Liability	Catahoula Insurance		
Liability	Agency Inc.	\$500,000	03/21/2022
Physical Damage		305,306	

TOWN OF FERRIDAY, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

13. CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public place and businesses. The coronavirus and actions taken to mitigate it have had and are expected to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Entity operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Town anticipates this could negatively affect its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

14. SUBSEQUENT EVENTS

Management has evaluated events and transactions subsequent to the Statement of Net Position date through, December 9, 2022, of the independent auditor’s report for potential recognition or disclosure in the financial statements.

15. EXCESS OF APPROPRIATION

The Town of Ferriday had an unfavorable revenue of \$149,127 or 5.6% and an unfavorable expenditure of \$141,917 or 5.4%.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF FERRIDAY, LOUISIANA

**Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
Governmental Funds
For the Year Ended June 30, 2021**

	BUDGET AMOUNTS		Actual Amounts	VARIANCES FAVORABLE (UNFAVORABLE)
	Original	Final	Budgetary Basis	
REVENUES				
Fees & Charges	\$ 242,852	\$ 242,852	\$ 238,508	\$ (4,344)
Taxes	1,488,711	1,488,711	1,658,452	169,741
Licenses & Permits	130,100	130,100	160,583	30,483
Fines	300,000	300,000	203,335	(96,665)
Interest Income	100	100	300	200
Reimbursements	45,000	45,000	70,927	25,927
Capital Grants	389,761	389,761	133,890	(255,871)
Other General Revenues	85,000	85,000	66,402	(18,598)
TOTAL REVENUES	2,681,524	2,681,524	2,532,397	(149,127)
EXPENDITURES				
General & Administrative	2,381,576	2,381,576	816,481	1,565,095
Public Safety:				
Fire	2,000	2,000	276,782	(274,782)
Police	39,500	39,500	952,596	(913,096)
Street	3,000	3,000	303,685	(300,685)
Sanitation	190,000	190,000	191,288	(1,288)
Recreation	1,000	1,000	49,287	(48,287)
Debt Service	-0-	-0-	106,924	(106,924)
Capital Outlay	20,000	20,000	81,950	(61,950)
TOTAL EXPENDITURES	2,637,076	2,637,076	2,778,993	(141,917)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	44,448	44,448	(246,596)	(291,044)
OTHER FINANCING SOURCES (USES)				
Transfers In/(Out)	-0-	-0-	208,090	208,090
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	208,090	208,090
NET CHANGE IN FUND BALANCE	\$ 44,448	\$ 44,448	(38,506)	\$ (82,954)
FUND BALANCE - BEGINNING			508,522	
FUND BALANCE - ENDING			\$ 470,016	

See independent auditor's report.

TOWN OF FERRIDAY, LOUISIANA
Budgetary Comparison Schedule
For the Year Ended June 30, 2021

Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

Budget Amendments and Revisions

The budget is adopted by the Town Council. Amendments can be made on the approval of the Town Council. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

See independent auditor's report.

TOWN OF FERRIDAY, LOUISIANA

**Schedule of the Town's Proportionate Share of the Net Pension Liability
Louisiana Municipal Employees' Retirement System**

Year	Town's Proportion of the Net Position Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered- Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	.5437%	\$255,275	\$358,971	129.23%	76.94%
2016	.5173%	\$351,613	\$237,395	97.95%	68.71%
2017	.3231%	\$267,850	\$412,990	88.63%	63.34%
2018	.5564%	\$481,404	\$386,898	116.57%	63.49%
2019	.5180%	\$438,208	\$377,281	113.26%	65.60%
2020	.5031%	\$440,818	\$374,793	150.10%	66.14%
2021	.4873%	\$441,603	\$424,326	104.07%	66.26%

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

See independent auditor's report.

TOWN OF FERRIDAY, LOUISIANA

**Schedule of the Town's Proportionate Share of the Net Pension Liability
Louisiana Municipal Police Employees' Retirement System**

Year	Town's Proportion of the Net Position Liability	Town's Proportionate Share of the Net Pension Liability	Town's Covered- Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.02%	\$93,873	\$43,517	216.72%	75.10%
2016	0.01%	\$116,359	\$69,064	168.48%	70.73%
2017	0.02%	\$206,605	\$45,268	456.40%	66.04%
2018	0.01%	\$123,003	\$42,060	292.45%	70.08%
2019	0.01%	\$101,001	\$35,260	286.45%	71.89%
2020	0.01%	\$161,845	\$55,712	290.50%	71.01%
2021	0.01%	\$168,996	\$7,048	2397.79%	70.95%

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

See independent auditor's report.

TOWN OF FERRIDAY, LOUISIANA
Schedule of the Town's Contributions
Louisiana Municipal Employees' Retirement System

Year	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contribution as a Percentage of Covered Employee Payroll
2015	\$33,861	\$(33,861)	-0-	\$358,971	9.43%
2016	\$22,553	\$(22,553)	-0-	\$237,395	9.50%
2017	\$45,428	\$(45,428)	-0-	\$412,990	11.00%
2018	\$51,264	\$(51,264)	-0-	\$386,898	13.25%
2019	\$52,819	\$(52,819)	-0-	\$377,281	14.00%
2020	\$53,930	\$(53,930)	-0-	\$374,793	14.39%
2021	\$53,477	\$(53,477)	-0-	\$441,603	12.11%

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

See independent auditor's report.

TOWN OF FERRIDAY, LOUISIANA
Schedule of the Town's Contributions
Louisiana Municipal Police Employees' Retirement System

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contribution as a Percentage of Covered Employee Payroll</u>
2019	\$14,640	\$(14,640)	-0-	\$45,312	32.31%
2020	\$14,613	\$(16,237)	\$1,624	\$45,360	32.2%
2021	\$18,398	\$(18,398)	-0-	\$7,048	261.04%

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

See independent auditor's report.

OTHER INFORMATION

Town of Ferriday, Louisiana
Schedule of Compensation Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2021

Honorable Rydell Turner, Mayor

Purpose	Amount
Salary	\$ 37,231
Benefits-Insurance	-0-
Benefits-Retirement	5,246
Benefits (Expense Allowance)	-0-
Car Allowance	-0-
Vehicle Provided by Government	-0-
Per Diem	55
Reimbursements	90
Travel	-0-
Registration Fees	-0-
Conference Travel	-0-
Continuing Professional Education Fees	-0-
Housing	-0-
Un-vouchered Expenses*	-0-
Special Meals	\$ -0-

*An example of an un-vouchered expense would be a travel advance.

See independent auditor's report.

Town of Ferriday, Louisiana
Justice System Funding Schedule – Collecting/Disbursing Entity
Year Ended June 30, 2021

	<u>First Six Months Ended 12/31/2020</u>	<u>Second Six Months Ended 06/30/2021</u>
Beginning Balance of Amounts Collected	\$ -0-	\$ -0-
Add: Collections		
Criminal Court Costs/Fees	-0-	-0-
Criminal Fines – Contempt	-0-	-0-
Criminal Fines – Ticket Fines and Summons	58,703	114,057
Subtotal Collections	58,703	114,057
Less: Disbursements to Governments & Nonprofits		
LA Judicial College	70	600
LA Traumatic Head & Spinal Cord Injury Trust Fund	510	850
Bond Forfeitures & Fees Collected Central LA Juvenile Detention Facility	215	315
CMIS Trial Court Case Management Information System	396	100
LA Commission on Law Enforcement Transmittal of Statutory Dedicated Funds	131	203
North Louisiana Criminalist Lab	3,420	5,300
<i>Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other (Additional rows may be added as necessary)</i>	53,961	106,689
Subtotal Disbursements/Retainage	58,703	114,057
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	-0-	-0-
Ending Balance of “Partial Payments” Collected but not Disbursed	-0-	-0-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-0-	-0-
Total Waivers During the Fiscal Period	\$ -0-	\$ -0-

See independent auditor's report.



OTHER REPORTS

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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*

The Honorable Rydell Turner, Mayor
and Members of the Town Council
Ferriday, Louisiana

We have audited, in accordance with the auditing standards general 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 and the business-type activities as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Ferriday, Louisiana’s basic financial statements, and have issued our report thereon dated December 9, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A

significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: **2021-2 Old Outstanding checks and deposits.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Ferriday, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items: **2021-1 Safe Drinking Water Fee, 2021-3 Annual filing of Financial Statements, and 2021-4 Budget Variance.**

The Town of Ferriday's Response to Findings

The Town of Ferriday's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Cost. The Town of Ferriday's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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

The Vercher Group

Jena, Louisiana
December 9, 2022

TOWN OF FERRIDAY, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST
For the Year Ended June 30, 2021**

We have audited the basic financial statements of the Town of Ferriday, Louisiana, as of and for the year ended June 30, 2021, and have issued our report thereon December 9, 2022. We conducted our audit in accordance with generally accepted auditing standards 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.

Section I Summary of Auditor's Results

Our audit of the financial statements as of June 30, 2021, resulted in an unmodified opinion.

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

Internal Control

Material Weaknesses Yes Significant Deficiencies Yes

Compliance

Compliance Material to Financial Statements Yes

b. Federal Awards (Not Applicable)

Internal Control

Material Weaknesses Yes No Other Conditions Yes No

Type of Opinion on Compliance Unmodified Qualified

For Major Programs Disclaimer Adverse

Are the findings required to be reported in accordance with Uniform Guidance?

Yes No

c. Identification of Major Programs:

CFDA Number (s)

Name of Federal Program (or Cluster)

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Is the auditee a 'low-risk' auditee, as defined by OMB Uniform Guidance? Yes No

TOWN OF FERRIDAY, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2021**

Section II Financial Statement Findings

2021-1 Safe Drinking Water Fee (Compliance)

Condition: The Town did not remit Safe Drinking Water Fee payments from years 2002 to 2012.

Criteria: For this period, the Town should have remitted \$2.88 per service connection annually to the State.

Cause of Condition: The Town was not aware of the fees or the need for them to be remitted to the State.

Effect of Condition: The Town is not in compliance with the Safe Drinking Water Program under OPH.

Recommendation: We recommend that the Town pay the fees owed of approximately \$54,526.

Client Response: Management will work to correct this issue.

2021-2 Old Outstanding Checks and Deposits (Internal Control)

Condition: The Town has numerous old outstanding checks and deposits in both enterprise and governmental funds.

Criteria: Not clearing outstanding checks and deposits on a regular basis can result in the issuance of financial statements that understates or overstates cash.

Cause of Condition: Not reviewing and correcting the bank reconciliations.

Effect of Condition: Understatement and overstatement of cash in the financial statements.

Recommendation: The old outstanding checks and deposits should be researched, reissued, cleared, or sent to Louisiana State Treasurer as unclaimed property.

Client Response: The Town will research all outstanding checks and deposits and reissue, clear, or send to Louisiana Treasurer as unclaimed property.

TOWN OF FERRIDAY, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COST – (CONT.)
For the Year Ended June 30, 2021**

Section II Financial Statement Findings (Continued)

2021-3 Annual Filing of Financial Statements (Compliance)

Condition: The Town did not timely file their financial statements with the Legislative Auditor on a timely basis.

Criteria: LSA-RS 24:514, LSA-RS 33:463, and/or LSA-RS 39:92, as applicable, require that governmental units file their financial statements annually with the Legislative Auditor's Office within six months of the entity's year end closing date.

Cause of Condition: Not having the financial statements completed on time.

Effect of Condition: Potential Compliance Violation and a freeze on grant funding.

Recommendation: The Town should have their audit completed in time to file with the Legislative Auditor's Office within six months of the Town's year end closing.

Client Response: The Town will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Town's year end closing.

2021-4 Budget Variance (Compliance)

Condition: The Town had an unfavorable revenue variance of \$149,127 or 5.6% and an unfavorable expenditure variance \$141,917 or 5.4% for the year ended June 30, 2021.

Criteria: The Budget Act requires that budgets be amended when the variance exceeds 5%.

Cause of Condition: Under budgeting revenue and expenditures.

Effect on Condition: Violating the Budget Act.

Recommendation: The Town should amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

Client Response: The Town will amend its budget when there is an unfavorable variance in revenue or expenditures of more than 5%.

Section III Federal Awards Findings and Questioned Costs

Not Applicable.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS

FINDINGS:

2021-1 Safe Drinking Water Fee

Finding: The Town did not remit Safe Drinking Water Fee payments from years 2002 to 2012. For this period, the Town should have remitted \$2.88 per service connection annually to the State.

Corrective Action: The Town will begin paying the fees to the State of approximately \$54,526.

Contact Person: Rydell Turner, Mayor

Anticipated Completion Date: June 30, 2022

2021-2 Old Outstanding Checks and Deposits

Finding: The Town has numerous old outstanding checks and deposits in both enterprise and governmental funds.

Corrective Action: The Town will research all outstanding checks and deposits and reissue, clear, or send to Louisiana Treasurer as unclaimed property.

Contact Person: Rydell Turner, Mayor

Anticipated Completion Date: June 30, 2022

2021-3 Annual Filing of Financial Statements

Findings: The Town did not timely file their financial statements with the Legislative Auditor on a timely basis.

Corrective Action: The Town will have their audit completed in time to file with the Legislative Auditor's Office within six months of the Town's year end closing.

Contact Person: Rydell Turner, Mayor

Anticipated Completion Date: June 30, 2022

2021-4 Budget Variance

Findings: The Town did not amend its budget, therefore violating the Budget Act.

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION
FOR CURRENT YEAR AUDIT FINDINGS CONTINUED

Corrective Action: The Town will amend the budget when there is an unfavorable variance in revenues or expenditures of more than 5%.

Contact Person: Rydell Turner, Mayor

Anticipated Completion Date: June 30, 2022

TOWN OF FERRIDAY, LOUISIANA
MANAGEMENT LETTER COMMENTS

During the course of our audit, we observed conditions and circumstances that may be improved. Below are situations that may be improved (if any) and recommendations for improvements.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

There are no current year management letter comments.

TOWN OF FERRIDAY, LOUISIANA

MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Ferriday, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2020.

PRIOR YEAR FINDINGS

2020-1 Safe Drinking Water Fee (Unresolved)

Condition: The Town did not remit Safe Drinking Water Fee payments from years 2002 to 2012.

Criteria: For this period, the Town should have remitted \$2.88 per service connection annually to the State.

Cause of Condition: The Town was not aware of the fees or the need for them to be remitted to the State.

Effect of Condition: The Town is not in compliance with the Safe Drinking Water Program under OPH.

Recommendation: We recommend that the Town pay the fees owed of approximately \$45,000.

Client Response: Management will work to correct this issue.

2020-2 Maintain Reserve Accounts Required by Bond Covenants (Resolved)

Condition: The Town did not maintain reserve accounts required in bond covenants.

Criteria: The Town is required to maintain a Debt Service Fund, Reserve Fund, and Depreciation and Contingencies Fund and maintain as required in bond covenants.

Cause of Condition: Oversight/lack of knowledge of requirements.

Effect of Condition: Noncompliance with bond covenants.

Recommendation: The Town should maintain its reserve account in accordance with bond covenant requirements.

Client Response: The Town will maintain reserve accounts as required and fund the accounts according to the bond covenants.

TOWN OF FERRIDAY, LOUISIANA

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

PRIOR YEAR FINDINGS (CONTINUED)

2020-3 Customer Deposit Cash (Resolved)

Condition: The customer deposit liability exceeds the amount of cash available. Customer deposits per the general and subsidiary ledgers are \$95,075. The related available cash for these deposits was \$79,590, which leaves an underfunded amount of \$15,485.

Criteria: There should be sufficient cash to cover customer deposits.

Cause of Condition: The customer deposits assets and liability accounts are not being reviewed and reconciled appropriately.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that all customer deposit-related accounts be reviewed and reconciled appropriately.

Client Response: Management will work to correct this issue.